

Pension Committee Agenda



To: Councillor Callton Young OBE (Chair)
Councillor Clive Fraser (Vice-Chair)
Councillors Simon Brew, Nina Degrads, Patricia Hay-Justice, Yvette Hopley,
Endri Llabuti and Alasdair Stewart

Co-opted Members: Ms Gilli Driver, Mr Peter Howard and Charles Quaye

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

A meeting of the **Pension Committee** which you are hereby summoned to attend,
will be held on **Tuesday, 6 December 2022** at **10.00 am** in Room 1.01 and
1.02 - Bernard Weatherill House, Mint Walk, Croydon CR0 1EA.

Katherine Kerswell
Chief Executive
London Borough of Croydon
Bernard Weatherill House
8 Mint Walk, Croydon CR0 1EA

Tariq Aniemeka-Bailey
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www.croydon.gov.uk/meetings
Monday, 28 November 2022

Members of the public are welcome to attend this meeting, or you can view the
webcast both live and after the meeting has completed at
<http://webcasting.croydon.gov.uk>

If you would like to record the meeting, we ask that you read the guidance on the
recording of public meetings [here](#) before attending.

The meeting will be paperless. The agenda papers for all Council meetings are available on the Council website www.croydon.gov.uk/meetings

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AGENDA – PART A

1. Apologies for Absence

To receive any apologies for absence from any members of the Committee.

2. Minutes of the Previous Meeting (Pages 7 - 18)

To approve the minutes of the meeting held on Tuesday, 11 October 2022 as an accurate record.

3. Disclosure of Interests

Members are invited to declare any disclosable pecuniary interests (DPIs) and other registrable and non-registrable interests they may have in relation to any item(s) of business on today's agenda.

4. Urgent Business (if any)

To receive notice of any business not on the agenda which in the opinion of the Chair, by reason of special circumstances, be considered as a matter of urgency.

5. Breaches of the Law Log (Pages 19 - 32)

It is consistent with The Pension Regulator's Code of Practice that the Pension Fund maintains a breaches log detailing incidences where breaches have occurred. In line with the recommendations of the Aon Hewitt Governance Review, on 15 September 2020 the Committee agreed the revised Reporting Breaches of the Law Policy. This included a requirement for the Committee to monitor breaches on a regular basis. This report presents the current log (Appendix A) for the Committee's consideration and comment.

6. Administration Performance Report (Pages 33 - 120)

This report sets out Key Performance Indicators for the administration of the Croydon Pension Fund (the Fund) for the three-month period up to the end of October 2022.

7. Risk Register Review (Pages 121 - 130)

It is recommended best practice for the Pension Committee to maintain a risk register covering the most significant risks faced by the Fund. This report presents the current register (Appendix A) for the Committee's consideration.

8. Review of Committee Training (Pages 131 - 140)

This report advises the Committee of training undertaken by the Pension Committee members in Year 2022/23 to 22 November 2022 and asks them to note the contents of the Log attached to this report as Appendix A.

9. Constitution Changes (Pages 141 - 146)

This report makes recommendations to the Committee regarding amendments to the proposed constitutional changes which were presented to the Committee at their meeting on 11 October 2022 which the Committee are asked to agree.

10. Contracts for the Provision of Actuarial and Global Custody Services (Pages 147 - 152)

This report explains to the Committee some of the procedures in respect of the procurement of professional services for the Fund and discusses the current position as regards the letting of contracts for:

- Actuarial Services
- Global Custody Services

11. Update on SAB and TPR news (Pages 153 - 158)

This report advises the Committee of the matters currently being considered by the Local Government Pension Scheme Advisory Board and The Pensions Regulator which are relevant to the Fund. Any implications for the Fund have been noted and are being addressed in consultation with Fund advisors.

12. Progress Report for Quarter Ended 30 September 2022 (Pages 159 - 166)

This report provides an update on the Fund's performance for the quarter to 30 September 2022. The report falls into four parts. Section 1 addresses performance against strategic goals. The second section considers the asset allocation strategy and how that is being applied, specifically current and planned investments. The third section deals with risk management and the fourth and final section summarises the recent investment manager site visit.

13. Exclusion of the Press and Public

The following motion is to be moved and seconded where it is proposed to exclude the press and public from the remainder of a meeting:

“That, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.”

14. Progress Report for Quarter Ended 30 September 2022 (Pages 167 - 238)

15. Investment Strategy Review (Pages 239 - 264)

PART B

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Pension Committee

Meeting held on Tuesday, 11 October 2022 at 10.00 am in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

Present: Councillor Callton Young OBE (Chair);
Councillor Clive Fraser (Vice-Chair);
Councillors Simon Brew, Patricia Hay-Justice, Yvette Hopley and Endri Llabuti and Enid Mollyneaux

Co-opted Members: Ms Gilli Driver, Mr Peter Howard and Charles Quaye

Also Present: Councillors Richard Chatterjee, Stuart Collins and Nina Degrad
Matthew Hallett (Acting Head of Pensions and Treasury), Gillian Phillip (Pensions Manager), Mike Ellsmore (Chair of Pension Board) Robert McInroy (Pension Scheme Actuary) and Robbie Sinnott (Mercer)

Apologies: Councillor Alasdair Stewart

PART A

24/22 Minutes of the Previous Meeting

The minutes of the meetings held on Tuesday, 8 December 2020; Tuesday, 16 March 2021; Tuesday, 25 May 2021; Friday, 3 December 2021 and Tuesday, 14 June 2022 were agreed as accurate records.

Councillor Patricia Hay-Justice and Peter Howard abstained from the vote to approve the minutes.

25/22 Disclosure of Interests

There were none.

26/22 Urgent Business (if any)

Actions Arising from last meeting.

Reports to The Pensions Regulator – The Head of Pensions and Treasury read a letter dated 08 August 2022 from the Pensions Regulator following its investigation into the 'The Property transfer' and the reports mad regarding meeting minutes and record-keeping.

Regarding Minutes and Record-Keeping the letter read; Scheme managers of public service schemes are responsible for making sure schemes have accurate, complete and up-to-date records. They should have controls and processes in place to maintain these standards. Poor quality or missing data increases the risk of them being unable to meet their legal duties. During our engagement with the Scheme, we have become concerned by the:

- Disproportionate length of time taken for meeting minutes to be approved; and
- Missing minutes – i.e. lack of available meeting minutes to serve as an accurate record of the matters discussed and decisions taken at pension committee meetings.

Going forward, we expect appropriate controls and processes to be put in place to ensure that draft meeting minutes are produced in a timely manner and for them to be reviewed and approved promptly as a matter of process. This will ensure that they serve as an accurate record.

27/22 Triennial Valuation

The Acting Head of Pensions and Treasury introduced the item and presented his report on the Triennial Valuation, stating that the purpose of the paper was to present the Funding Strategy Statement to the Committee and as part of the valuation process, this was to be reviewed every three years. This was last reviewed in May 2021 following changes in legislation.

The format of the Funding Strategy Statement had changed, and the relevant policies were now attached to the statement.

The Acting Head of Pensions and Treasury informed the Committee that he wanted them to approve the draft Funding Strategy Statement before it was issued for consultation with employers. He also wanted the Committee to note the progress of the 2022 valuation and to note the initial whole fund results which were effective 31 March 2022.

The Acting Head of Pensions and Treasury invited the Fund's Actuary from Hymans Robertson, Robert McInroy to address the Committee. Robert McInroy stated that the main changes to the funding strategy had been structural, to ensure that the strategy was more accessible, practical and user friendly. Robert McInroy informed the Committee that the funding assumptions had been updated to allow for emerging experience in market conditions as at the 31 March 2022. The second main change was the statutory requirement to document the allowance for climate risk in any funding plans. The final change was in respect of the treatment of the McCloud ruling.

Robert McInroy stated that the next step would be to go out and consult with the employers on the funding strategy statements, and then relay their comments to the committee in March for their approval of the Funding Strategy Statement.

In response to questions from members, officers informed the Committee:

- That there was huge uncertainty which is why they undertook stress testing. This stress testing assessed various scenarios such as green initiatives which would see them make a move to more 'green' assets, this would present some disruption in the short-term and long term the physical risks such as flooding, fire would have less of an impact. Another scenario that was tested assessed the event that there was not much policy change, this would lead to less disruption in the short-medium term but in the longer term there may be more physical risks.
- That in terms of the increase in liabilities, the biggest factor was the fact that Members had accrued more benefits in the past three years. Rises in inflation had also led to the increase in liabilities, also as people are expected to live longer than they did in 2019 this has also increased the liabilities. In regard to the market volatility, his recommendation was to stick with the assumptions on market conditions made on the 31 March 2022.
- That the funding plans were devised with a long-term view, yet he was mindful of the events in the market and if there was a long-term shift in the economic environment then they would look to act. If Members wanted more information on exchange rates, then they should speak to their investment consultant. In their discussions with employers, they were taking contribution rates into consideration, particularly with short term employers as they were more likely to be impacted by short term market movements.
- That the assumptions in the report which formed part of the valuation stacked up and the modelling and scenario analysis highlighted the fact that they stand within the tolerance levels that were required.
- That the average rate of return was a nominal expected return per annum. The agenda packs contained the balance sheet funding position at the 31 March 2022 and showed that on inflation there was a central assumption that was used to represent the balance sheet, to have a single set of assumptions a number needed to be decided upon which would contain a higher short-term inflation. Within the employer contribution plans, they were allowing for many different types of inflation over the short and long term, this is tested to capture the uncertainty in inflation. They had also tested the 10% drop in assets in order help inform the decision that was taken.

RESOLVED:

- The Committee approved the draft FSS (Appendix A) and 'satellite' policy documents on contribution reviews (Appendix B), academy funding (Appendix C), bulk transfers (Appendix D), cessations (Appendix E) and prepayments (Appendix F) to be issued to all

participating employers for comment alongside their 2022 valuation results.

- The Committee noted the progress made towards the 2022 valuation.
- The Committee noted the initial whole Fund results effective 31 March 2022.

28/22 Governance and Compliance Statement

The Acting Head of Pensions and Treasury introduced the item and presented the report to the Committee, stating that a report was originally brought to the Committee in June on the Governance and Compliance Statement. It was felt that the Fund was not fully compliant due to the performance on meeting papers. Officers confirmed that the Pensions Board was not a secondary or subcommittee and that the Governance and Compliance Statement had been updated to reflect this.

In response to questions from members, officers informed the Committee that:

- The Pensions Board and Officers had discussed the recommendations from the governance reviews and various follow-up discussions. Officers recommended that a voting non-council employer representative position be added to the Pension Committee, the staff trade union representative be granted voting rights and one pensioner representative would have voting rights and that this would form part of the constitution changes that would be recommended later in the meeting.

The Chair asked for a report explaining the rationale behind the enfranchisement and balance of representation of the Pension Committee.

The Pension Board Chair explained that a lot of work that had gone into the proposed constitutional amendments and he wanted to express his thanks to officers. The Chair of the Pension Committee agreed and expressed his thanks also.

Officers stated that the proposed constitutional changes would need to be agreed by the Monitoring Officer.

RESOLVED:

- The Committee agreed the revised draft Governance Best Practice Compliance Statement attached as Appendix A subject to the agreed amendments to principle E.
- Officers to present a paper to the next committee meeting explaining the rationale behind enfranchisement and balance of representation.

29/22 Progress on implementation of Aon Governance Review Action Plan

The Acting Head of Pensions and Treasury introduced the item and presented the report to the Committee and explained that the purpose of the report was to consolidate all the findings and comments which came from the governance reviews. This report was taken to the Pensions Board in June, and they had come up with a recommended action plan, which listed the actions that would be carried out moving forward.

In response to a question from members, officers informed the Committee that:

- The recommendations on the action plan had been included in the proposed constitutional changes that were to be presented to the Monitoring Officer.

The Chair expressed concern that there were no constraints on the remuneration for members of the Pension Board.

RESOLVED:

- The Committee agreed the outstanding actions to be taken forward as a result of the findings from the various Governance Reviews as detailed in section 3.4 of this report.
- The Committee agreed to note the progress achieved in addressing the findings of the Governance Reviews of 2019 and 2021.
- The Committee recommended that appropriate constraints on Board Member allowances are added to the proposed constitutional changes.

30/22 Breaches of the Law Policy

The Acting Head of Pensions and Treasury introduced the item and presented the report to the Committee and explained that there were certain individuals who were responsible for reporting breaches of the law to the Pensions Regulator. The Fund needed a policy on how to identify and record breaches and determine what was reportable to the Pensions Regulator. This policy would set out the procedures that were considered when making reports to the Pensions Regulator.

In response to a question from a member, officers informed the Committee that:

- The report had not been presented in a before-and-after format as there had been numerous changes.

RESOLVED:

- The Committee agreed the Fund's new "Reporting Breaches of the Law Policy" and appendices.

31/22 Breaches of the Law Log

The Acting Head of Pensions and Treasury introduced the item and presented the report to the Committee and explained that the Breaches of the Law Log had been presented to the Committee in June and they had removed two breaches from the log as they had passed the three-year limit for which they had to be included.

In response to a question from members, officers informed the Committee that:

- The failure to produce minutes was reported to the regulator, however officers could not confirm how the issues regarding the property transfer had been reported but stated that the issue had been resolved.
- The pension fund accounts formed part of the Council's accounts, and therefore they could not be signed off until the Council's accounts had been signed off.
- The figures in the KPI report were taken at the end of July and great progress had been made since. Hymans Robertson had anticipated working through the backlog by the middle of October 2022.
- During the property transfer Eversheds acted on behalf of the pension fund and had produced documents for the property transfer. He also explained that Burges Salmon provided Pension officers with legal advice when reviewing their reports, and Gowlings provided legal advice when dealing with legal agreements.

Members proposed that that officers change the comments in the appendix from 'amber' to 'green' as the outstanding Pension Committee and Board minutes had been published.

RESOLVED:

- The Committee agreed the contents of the Pension Fund Breaches Log, Appendix A subject to the entry on minutes being changed to a 'green rating'.

32/22 Constitution Changes

The Acting Head of Pensions and Treasury introduced the item, presented the report to the Committee and explained that the Pensions Committee and the Pensions Board operated within the parameters set out by the Constitution. As a result of the governance review officers had devised an action plan which included changes to the constitution that were to be proposed to the Monitoring Officer.

In response to a question from members, officers informed the Committee that:

- The reference to the London Collective Investment Vehicle (LCIV) structure was up to date and had been recently extracted from their website.

RESOLVED:

- The Committee agreed the proposed amended sections of the Constitution as they relate to The Pension Committee and Pension Board, subject to the comments made during the discussion on the Governance and Compliance Statement and recommend them to the Monitoring Officer.

33/22 Training Plan

The Acting Head of Pensions and Treasury introduced the item and presented the report to the Committee and explained that as part of the governance review recommendations officers were asked to assess the knowledge and skills policy, which was agreed at the previous Pensions Committee meeting. The agreed knowledge and skills policy enabled officers to formulate a training plan, which included mandatory courses such as the LGA course and the Hymans online course.

In response to a question from a Member, officers informed the Committee that:

- They would consider the need for more interactive sessions and workshops where possible so that Members could consolidate their knowledge and asked whether Members could suggest dates for future interactive sessions.

RESOLVED:

- The Committee agreed to note the contents of the joint Pension Committee and Pension Board Training Log and Training Plan.

34/22 Administration Performance Report

The Pensions Manager introduced the item and presented the Administration Performance report to the Committee and explained that the backlog had impacted the reporting of stats and the service anticipated an improvement in future. Officers had focused on preparation for data submission for the valuation which was concluded on time. The Pensions Manager stated that two staff members had resigned, and that they were in the process of recruiting to those posts.

In response to questions from Members, officers informed the Committee that:

- The statistics in the report included the backlog work that Hymans had carried out and once they had worked through the backlog, they anticipated that the statistics would improve moving forward.
- Matthew Hallett was covering the Head of Pensions position which was vacated in March. The Council was experiencing issues in recruiting

permanent staff in the finance department and the decision to recruit to the Head of Pensions position sat with the Section 151 Officer.

- There had been discussion with the Pension Board about whether the pension fund would act as a sole entity. This would require larger staffing requirements and any potential benefits gained may be outweighed by the increased costs and the regulations that the Council would have to adhere to.
- The Pension Committee fell under the Council's remit regarding insurance as it was the administering authority. The Pension Board was insured separately as it was not covered by the Council.

RESOLVED:

The Committee agreed to note the Key Performance Indicators and the performance against these indicators set out in Appendix A in the report.

35/22 Risk Register Review

The Acting Head of Pensions and Treasury introduced the item and presented the report to the Committee and explained that best practice recommended that a risk register was maintained by the Pension Committee. The risk register would record relevant risk scenarios, together with an assessment of their likelihood and impact and appropriate mitigations.

RESOLVED:

- The Committee agreed to note the contents of the Pension Fund Risk Register.

36/22 Update on LCIV

The Acting Head of Pensions and Treasury introduced the item and explained that the report advised the Committee on the extent to which the pension fund complied with the guidance and provided an outline of the savings made in the year 2021-22.

In response to a question from Members, officers informed the Committee that:

- It would cost more money to transition the alternative portfolio into the CIV.
- Officers would look to move their bond portfolio into the CIV as this would be relatively simple. In terms of transferring property funds, selling a property fund would incur a minimum 5% exit fee from the value and so liquidating property assets would have to be done over time. Infrastructure funds were close-ended funds, so members would have to wait for them to mature before deciding whether to re-invest in the CIV products. The CIV tend to base the savings reported on savings made from the standard rate card. If the Fund were investing outside of the CIV they would probably not pay the standard rate.

- The two mandates within the CIV are the PIMCO Global Bond Fund and the RBC Sustainable Global Equity Exclusion Fund.

RESOLVED:

- The Committee agreed to note the contents of this report.

37/22 Update on SAB and TPR news

The Acting Head of Pensions and Treasury introduced the item and presented the report and informed the committee that there had been letters written by the Chair of the Scheme Advisory Board to the minister regarding the Council's issues with the audit of the accounts as well as the separation of the Local Government Pension Scheme from the Council accounts.

RESOLVED:

- The Committee agreed to note the contents of this report.

38/22 Progress report for quarter ending June 2022

The Acting Head of Pensions and Treasury introduced the item and presented the report to the Committee.

The Committee considered the Part A report, which gave introduction to the commercially sensitive context to the performance of the Pension Fund over the most recent quarter.

In response to questions from Members, officers informed the Committee that:

- The valuation of the bonds had decreased, equities had steadied, and the LGIM Passive fund had performed negatively throughout the quarter.
- The triennial valuation was a snapshot of a point in time since which the value of the Fund had dropped.

RESOLVED:

- To note the performance of the Fund for the quarter ended 30 June 2022.

39/22 Exclusion of the Press and Public

The following motion was moved by Councillor Young and seconded by Councillor Fraser to exclude the press and public:

"That, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information

falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.”

The motion was put and it was agreed by the Committee to exclude the press and public for the remainder of the meeting.

40/22 Progress report for quarter ending June 2022

RESOLVED that members of the Press and Public be excluded from the remainder of the meeting under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt information as defined in Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part 1 of Schedule 12A of the Act: and (ii) that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

The meeting ended at 12.47 pm

Signed:

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Date:

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Pension Committee Action Log 2022-23

Date of meeting	Action	Agenda ref.	Deadline	Progress
14 June 2022	Budget Review - Only one year's data in the table in the report to forecast future spending. Need to estimate of forecast based on data stretching further back in time	13/22	-	Work in progress
14 June 2022	Fund manager meetings to be arranged for Committee to attend	21/22	-	Awaiting confirmation from Councillors on suitable dates
11 October 2022	Officers to present a paper to the next committee meeting explaining the rationale behind enfranchisement and balance of representation	28/22	6 December 2022	Paper is being presented at Dec Cttee meeting
11 October 2022	The Committee recommended that appropriate constraints on Board Member allowances are added to the proposed constitutional changes	29/22	6 December 2022	Paper is being presented at Dec Cttee meeting
11 October 2022	The Committee agreed the contents of the Pension Fund Breaches Log, Appendix A subject to the entry on minutes being changed to a 'green rating'	31/22	6 December 2022	Amended on Log going to Dec Cttee meeting

Completed Actions

Date of meeting	Action	Deadline	Progress	
14 June 2022	Discuss frequency and time of cttee dates	16/22	Sept 2022	Date identified subject to discussion with the Chair
14 June 2022	MH to review minutes ready for committee to approve at the next meeting	13 Sept 2022	11 October 2022	Approved at the 11 October Pension Committee meeting – Action Completed
14 June 2022	MH and DS to generate Work Programme and Action Log for review at each committee meeting	13 Sept 2022	11 October 2022	Action Completed
14 June 2022	Pension Team to give update from the regulator on the minutes and quantify backlog of tasks in the Breaches Log	13 Sept 2022	11 October 2022	Verbal update delivered to the Pension Committee on the 11 October – Action Completed

14 June 2022	Attach timescales to the outstanding Governance Review actions	13 Sept 2022	11 October 2022	Governance progress report was included for the October committee – Action Completed
14 June 2022	Discretions policy – Amend and send to employers for consultation	-	-	This was sent to employers with request for comment by 09.09.22 Update since – no comments received, consultation complete – Action Completed
14 June 2022	Key Performance Indicators Report – Add further detail on backlog	-	11 October 2022	This was included in October report – Action Completed
14 June 2022	Governance Compliance Statement – Amend Principal G as not Fully compliant and under Principal D check if the Pensions Board is classified as a sub-committee	13 Sept 2022	11 October 2022	This was included in the report for consideration at the October committee meeting – Action Completed
14 June 2022	Members requested a formal training plan	-	11 October 2022	A report was presented at the October Committee meeting- Action Completed

REPORT TO:	Pension Committee 6 December 2022
SUBJECT:	Review of Breaches Log
LEAD OFFICER:	Matthew Hallett - Acting Head of Pensions and Treasury
CORPORATE PRIORITY/POLICY CONTEXT: Sound Financial Management: This report forms an important component of the governance arrangements for the stewardship of the Pension Fund.	
FINANCIAL SUMMARY: Financial risks relating to the Pension Fund are substantial and can impact on the General Fund of the Council.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1. RECOMMENDATION

The Committee is asked to:

- 1.1 Consider the contents of the Pension Fund Breaches Log, Appendix A, and to comment as appropriate.

2. EXECUTIVE SUMMARY

- 2.1 It is consistent with The Pension Regulator’s Code of Practice that the Pension Fund maintains a breaches log detailing incidences where breaches have occurred. In line with the recommendations of the Aon Hewitt Governance Review, on 15 September 2020 the Committee agreed the revised Reporting Breaches of the Law Policy. This included a requirement for the Committee to monitor breaches on a regular basis. This report presents the current log (Appendix A) for the Committee’s consideration and comment.

3 DETAIL

- 3.1 The Pension Act 2004 (“The Act”, s 70) imposes duties on certain persons to report breaches of the law as follows:

70 Duty to report breaches of the law

(1) Subsection (2) imposes a reporting requirement on the following persons—

- (a) a trustee or manager of an occupational or personal pension scheme;
- (aa) a member of the pension board of a public service pension scheme;
- (b) a person who is otherwise involved in the administration of an occupational pension scheme;
- (c) the employer in relation to an occupational pension scheme;
- (d) a professional adviser in relation to such a scheme;
- (e) a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme.

(2) Where the person has reasonable cause to believe that—

(a) a duty which is relevant to the administration of the scheme in question, and is imposed by or by virtue of an enactment or rule of law, has not been or is not being complied with, and

(b) the failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions,

he must give a written report of the matter to the Regulator as soon as reasonably practicable.

(3) No duty to which a person is subject is to be regarded as contravened merely because of any information or opinion contained in a written report under this section. This is subject to section 311 (protected items).

(4) Section 10 of the Pensions Act 1995 (c. 26) (civil penalties) applies to any person who, without reasonable excuse, fails to comply with an obligation imposed on him by this section.

In line with this legislation and the Pensions Regulator's Code of Practice a Breaches Log is maintained by the Fund. In their Governance Review Aon Hewitt recommended that the log was reviewed regularly by the Pension Committee. It was last reviewed on 25 May 2021. The current log is attached (Appendix A).

- 3.2 In this context a breach of the law occurs when a duty which is relevant to the administration of the Fund, and is imposed by or by virtue of legislation or rule of law, has not been or is not being complied with. In the context of the LGPS this can encompass many aspects of the management and administration of the LGPS, including failure:

- to do anything required under the Regulations;
- to do anything required under overriding legislation, applicable statutory guidance or codes of practice;
- to maintain accurate records;
- to act on any fraudulent act or omission that is identified;
- to comply with policies and procedures (e.g. the Fund's statement of investment principles, funding strategy, discretionary policies, etc.);
- of an employer to pay over member and employer contributions on time;
- to pay member benefits either accurately or in a timely manner;
- to issue annual benefit statements on time or non-compliance with the Code.

3.3 Since the Committee last reviewed the Log 1 entry has been added concerning the 2021/2022 Fund Accounts and 1 entry has been amended concerning publication of minutes. At the 11 October 2022 Pension Committee meeting members stated that as all the missing minutes had now been published the rating should change to green. The updated Breaches of the Law Log is in Appendix A.

3.4 The Committee is asked to consider the contents of the Breaches Log and to comment.

4. CONSULTATION

4.1 Officers have previously consulted with both the Pension Committee and Local Pension Board on the template for the Breaches Log which forms the basis of the report.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 There are no financial considerations arising from this report.

Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

6. LEGAL CONSIDERATIONS

6.1 Burges Salmon LLP (a legal advisor appointed to the Pension Fund) comments that the Pension Committees role is to ensure the Fund is properly operated in accordance with the Local Government Pensions Scheme Regulations 2013 ("the Regulations") all other relevant legislation and best practice as advised by the Pensions Regulator, including relevant financial, governance and administrative matters.

- 6.2 Section 70 of the Pensions Act 2004 ('the Act') imposes a requirement on the following persons ('reporters') to report breaches of the law as it applies to the management and administration of the Fund:
- 6.3 The duty is to report the matter to The Pensions Regulator in writing as soon as is reasonably practicable where that person has reasonable cause to believe that:
- (a) a legal duty relating to the administration of the scheme has not been or is not being complied with, and
 - (b) the failure to comply is likely to be of material significance to The Pensions Regulator
- 6.4 Under the Act a person can be subject to a civil penalty if they fail to comply with this requirement without a reasonable excuse. The duty to report breaches under the Act overrides any other duties the relevant individuals may have. However, the duty to report does not override 'legal privilege'. This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.
- 6.5 The Pensions Regulator has published guidance in the Code of Practice no 14 (Governance and administration of public service pension scheme ('the Code')). Paragraphs 241 to 275 of the Code deal with reporting breaches of the law.

7. HUMAN RESOURCES IMPACT

- 7.1 The Council will need to ensure appropriate action and advice is provided to retiring employees and retired employees in its capacity as the employer and pensions scheme administrator

Any implications arising from this report for Council employees or staff will be dealt with as appropriate under the Council's HR Policies and Procedures.

Approved by: Gillian Bevan, Head of HR, Resources and Assistant Chief Executives on behalf of Dean Shoesmith, Chief People Officer

8. EQUALITIES IMPACT

- 8.1 The Council has a statutory duty to comply with the provisions set out in the Equality Act 2010. In summary, the Council must in the exercise of all its functions, "have due regard to" the need to comply with the three arms or aims of the general equality duty. These are to:

- eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act;

- advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- foster good relations between people who share a protected characteristic and people who do not share it.

8.2 Having due regard means to consider the three aims of the Equality Duty as part of the process of decision-making. This means that decision makers must be able to evidence that they have taken into account any impact of the proposals under consideration on people who share the protected characteristics before decisions are taken. In this instance it would be beneficial to consider Age, Sex.

8.3 The report highlights that one breach involves not issuing annual benefits statements. This is often where members of staff are leaving, transferring service in or retiring and could potentially therefore impact on the basis of age. However, there is no data to confirm this and the reason for the delay in issuing statements is that these events can affect the benefit statements and it is considered better to delay issuing these in this situation rather than issue incorrect statements.

Approved by: Denise McCausland Equality Programme Manager

9. ENVIRONMENTAL IMPACT

9.1 There are no environmental impacts arising from this report.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no crime and disorder impacts arising from this report.

11. DATA PROTECTION IMPLICATIONS

11.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

NO

The Director of Human Resources comments that this report relates to matters relating to the administration of the LGPS and the Croydon Pension Fund.

Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

CONTACT OFFICER:

Matthew Hallett, Acting Head of Pensions and Treasury

APPENDIX:

Appendix A: Breaches Log

BACKGROUND DOCUMENTS:

None.

Date	Category	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to the breach	Reported/Not reported (with justification if not reported and dates)	Traffic light colour	Outcome of report and or investigations	Outstanding actions	Comments
Aug-20	Administration	Failure to produce 100% of Annual Benefit Statement notifications	Members and former members have not received up to date information on the value of their LGPS benefits which may affect their ability to make informed decisions around pension provision. Noncompliance with LGPS regulations timescales. Member has been unable to check personal data is complete and accurate or that the correct contributions have been credited.	The technical team issued 98.69% of the statements due. For the remainder, tasks are set up on Altair to enable the admin team to carry out any necessary tasks on the member records as part of the work schedule, such as resolving queries or completing benefit calculations.	The matter was not referred to the Pensions Regulator. All the issues were identified and tasks have been set up on Altair to be dealt with as part of the work schedule.	Green	Not reported. Only 2.12% for active and 0.27% for deferred members were not issued. The issues will be dealt with and member records updated as part of the work schedule.		

<p>Aug-21</p>	<p>Administration</p>	<p>Failure to produce 100% of Annual Benefit Statement notifications</p>	<p>Members and former members do not receive have up to date information on the value of their LGPS benefits affecting their ability to make informed decisions around pension provision. Noncompliance with LGPS regulations timescales. Members have been unable to check personal data is complete and accurate or that the correct contributions have been credited.</p>	<p>The team managed to issue 99.94% of annual benefit statements.</p>	<p>The matter was not referred to the Pensions Regulator. All the issues were identified and tasks have been set up on Altair to be dealt with as part of the work schedule.</p>	<p>Green</p>	<p>Not Reported. Only 0.06% of the notifications were not issued. The issues are dealt with and member records updated as part of the work schedule.</p>		
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<p>Aug-22</p>	<p>Administration</p>	<p>Failure to produce 100% of Annual Benefit Statement notifications</p>	<p>Members and former members have not received up to date information on the value of their LGPS benefits which may affect their ability to make informed decisions around pension provision. Noncompliance with LGPS regulations timescales. Members have been unable to check personal data is complete and accurate or that the correct contributions have been credited.</p>	<p>The technical team have issued 92.30% of the statements due. The majority of the deferred ABSs not issued are a result of outstanding leaver calculations which have been identified as part of the backlog project contracted to a third party. Work on this project continues and members are being contacted once the calculations have been completed. The remainder relate to leavers where we are awaiting transfer details from other LGPS funds before the deferred benefits can be processed or those that have left the scheme post 31 March 2022 and we await leaver information from employers. These cases are included in BAU work and handled by the Pension Admin Team on a daily process. Members will be contacted once the calculations have been completed.</p>	<p>The matter was not referred to the Pensions Regulator. All the issues were identified and tasks have been set up on Altair to be dealt with as part of the work schedule.</p>	<p>Green</p>	<p>Not reported. 100% for active members were issued. While 86.19% for deferred members were issued, the balance were not produced due to ongoing benefit calculations or transfer calculations where we are awaiting information. These cases are included in BAU work and handled by the Pension Admin Team on a daily process. Members will be contacted once the calculations have been completed</p>		
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Jan-21	Administration	Failure to inform 100% of scheme members of their calculated benefits (refund or deferred) – backlog cases. The original number of backlog cases was 2665. To 31 July 2022, 1083 cases are outstanding. However, 773 of these outstanding cases are in the proves of being completed or checked.	Members and former members have not received up to date information on the value of their LGPS benefits which may affect their ability to make informed decisions around pension provision. Noncompliance with LGPS regulations timescales. Members have been unable to check personal data is complete and accurate or that the correct contributions have been credited.	Historical backlog is impacting performance. Hymans Robertson have been engaged to provide administration services to clear this backlog,	The issue has been identified and action taken to rectify it. Outsourcing the historical backlog provides greater administrative capacity , mitigating the risk of recurrence. This has therefore been judged as not necessary to report to the Pensions Regulator.	Amber	Not reported to The Pensions Regulator.		A separate A table has been added to the KPI report detailing progress with the backlog cases
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Oct-21	Administration	Failure to publish Committee and Board meeting Minutes	Without minutes any decisions made are not recorded and so have no legal basis. Any actions taken as a result of those decisions have no legal authority. There is no public access to decisions taken, preventing openness and challenge.	The matter was discussed at the meeting on 14 September 2021. Democratic Services have been experiencing resourcing issues and backlogs of all Council Committee meeting minutes have arisen. The team are now fully resourced and will be trying to catch up on the backlog and produce future minutes in a more timely fashion moving forward. Members requested that officers look into sourcing external minuting provision in respect of Pension Meetings to safeguard Fund business.	Officers have designated the breach as amber in line with TPR guidance. Whilst there is an impact on the administration of the Fund, action has been taken to resolve the issue. The Monitoring Officer has advised that the matter should be reported to the TPR which has been done by the Chairs of the Board and Committee.	Green	Democratic Services are now adequately resourced and are producing the minutes themselves. All outstanding Committee and Board minutes have now been approved and published.		Feedback has been received following referral of the matter to the TPR. They expect processes to be put into place to produce minutes in a timely manner and for them to be reviewed and approved promptly. These matters have been addressed. There is a named clerk who produces and circulates draft minutes shortly after each meeting. These are then entered onto the agenda for the next meeting. The Governance Team have created a log to record when each set of minutes has been approved.
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Sep-21	Finance	Failure of the Fund to publish audited Fund Accounts for year 2019/20 by 30 September 2020.	Lack of accurate data available on which to base funding requirements. This could result in insufficient funds to pay all benefit liabilities.	The Fund report and accounts were prepared but had not been signed off by the Auditors. The Fund accounts form part of the Council accounts. External auditors would not sign off on the Council accounts as there was an issue around the accounting treatment involving Croydon Affordable Homes LLP. However, this is being resolved and it is expected that the paperwork will be in place shortly to allow sign off to be completed. The draft Annual Report and Accounts were presented to Pension Committee on 3 December 2021.	The matter has not been reported to the Pension Regulator. Progress had initially been delayed due to the issuing of the Section 114 notice applicable to Croydon and, more widely, to the impact of the Covid 19 pandemic. Many other LGPS Funds had been unable to finalise their accounts due to the impact of the pandemic. The continued delay in signing the accounts is as a result of the issues caused with Council's accounts around the accounting treatment of Croydon Affordable Homes LLP. The failure to sign off the accounts does not relate to a failure on the part of the Fund. The audit of the accounts is substantially complete and it is expected that the paperwork will be in place shortly to allow sign off to be finalised. The draft Annual Report and Accounts have been published on the website.	Amber		The Fund Accounts form part of the Council Accounts and cannot be signed off separately. The Head of Pensions will continue to liaise with Audit on progress on signing off the Council accounts.	
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<p>Sep-22</p>	<p>Finance</p>	<p>Failure to publish the audited Fund Accounts for year 20/21 by 30 September 2021</p>	<p>Lack of accurate data available on which to base funding requirements. This could result in insufficient funds to pay all benefit liabilities.</p>	<p>The report and accounts were prepared but the accounts had not been signed off by the auditors due to issues with the Council's accounts for 2019/20 around the accounting treatment of Croydon Affordable Homes LLP. The draft Annual Report and Accounts were presented to Pension Committee on 3 December 2021.</p>	<p>The matter has not been reported to the Regulator. Due to the passage of time, in July 2022 the Head of Pensions and Treasury reconsidered whether to report the breach, the main consideration being whether it would affect the valuation. Having consulted the Actuary and deemed that the valuation could still be signed off, it was decided that the breach still did not need reporting.</p>	<p>Amber</p>		<p>The Fund Accounts form part of the Council Accounts and cannot be signed off separately. The Head of Pensions will continue to liaise with Audit on progress on signing off the Council accounts.</p>	
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<p>Sep-22</p>	<p>Finance</p>	<p>Failure to publish the audited Fund Accounts for year 21/22 by 30 September 2022</p>	<p>Lack of accurate data available on which to base funding requirements. This could result in insufficient funds to pay all benefit liabilities.</p>	<p>The report and accounts are being prepared. The audit of the accounts cannot be started until completion of the 19/20 and 20/21 accounts. The delay is due to auditors due to issues with the Council's accounts for 2019/20 around the accounting treatment of Croydon Affordable Homes LLP.</p>	<p>The matter has not been reported to the Regulator. The cause of the breach was due to the failure of the Council rather than failure in the administration of the scheme. The Actuary has confirmed that the valuation can still be completed, so the scheme can still comply with its legal requirements on funding. The breach has not resulted in any detrimental effects to members benefits.</p>	<p>Amber</p>		<p>The Fund Accounts form part of the Council Accounts and cannot be signed off separately.</p>	
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Croydon Council

REPORT TO:	Pension Committee 06 December 2022
SUBJECT:	Croydon Pensions Administration Team Key Performance Indicators for the Period From August 2022 to October 2022
LEAD OFFICER:	Matthew Hallett - Acting Head of Pensions and Treasury
CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON: Sound Financial Management: The Pension Committee is responsible for the effective administration of the Croydon Pension Fund within the Local Government Pension Scheme. These Key Performance indicators provide a measure of how well that administration functions.	
FINANCIAL IMPACT Poor administration may ultimately lead to incorrect calculation or payment of benefits or indeed financial penalties	

1. **RECOMMENDATION**

The Committee is asked to:

- 1.1 Note the Key Performance Indicators and the performance against these indicators set out in Appendix A to this report.

2. **EXECUTIVE SUMMARY**

- 2.1 This report sets out Key Performance Indicators for the administration of the Croydon Pension Fund (the Fund) for the three-month period up to the end of October 2022.

3. **DETAIL**

- 3.1 Good governance suggests that the performance of the administration of the Fund should be monitored. This report has been developed using the guidance published by CIPFA (Administration in the LGPS: A Guide for Pension Authorities) and is reporting to the committee on the LGPS administration performance for the period August 2022 to October 2022. The indicators cover legal deadlines; team performance targets, case levels, take up of the member self-service and the indicators and performance against these are details more fully in Appendix A to this report.
- 3.2 The team continue to perform well on life event cases such deaths and

retirements.

- 3.3 Annual benefits statements were published online within the statutory timeframe, by 31 August. Annual benefit statements were produced for 100% of active members and 86.19% of deferred members giving a total of 92.30%. An analysis of the deferred statements not produced indicated the majority related to outstanding leaver calculations, which have been identified as part of the backlog project contracted to a third party and members are being contacted once the calculations have been completed. The remainder relate to leavers where we are awaiting transfer details from other LGPS funds before the deferred benefits can be processed or those that have left the scheme post 31 March 2022 and we await leaver information from employers. These cases are included in BAU work and handled by the Pension Administration Team as part of the daily workflow. Members will be contacted once the calculations have been completed.
- 3.4 The backlog project has now finished with a total of 2665 cases completed. We are now focusing on tracing and informing members of their deferred benefit entitlement. This is being done in phases so the team can resource the expected queries and member self-service registration requests we anticipate. Tracing tasks amounted to 35.70% of total tasks as at the 31 October 2022.
- 3.5 The team processed over 9000 Annual Allowance calculations by the 06 October 2022 deadline. These can be complex calculations and all members who were identified as exceeding the annual allowance were calculated manually to ensure accuracy.
- 3.6 Data Quality assessments for the Pension Regulator were run in August 2022. The scores are split between Common Data and Scheme-specific Data. The Common Data score for 2022 was 97.4% (2021 score was 97.5%) and the Scheme-specific score for 2022 was 96.4% (2021 score was 95.3%). The full report for Common Data can be found in appendix B and for Scheme-specific in C.
- 3.7 Recruitment is underway to fill two vacancies within the Administration Team. Resources within the team have been reallocated to cover essential work during this period.

4. CONSULTATION

- 4.1 Officers have previously consulted with both the Pension Committee and Local Pension Board in the template for the key performance indicator report which forms the basis of Appendix A

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 There are no financial or risk assessment considerations arising from this report.

Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

6. LEGAL CONSIDERATIONS

- 6.1. Burges Salmon LLP (a legal advisor appointed to the Pension Fund) comments that there are no direct legal implications arising from the recommendations within this report.

7. HUMAN RESOURCES IMPACT

- 7.1 Further to the matters outlined above there are no other immediate workforce impacts arising from this report. The pension scheme is an important staff benefit for recruitment and retention.

Approved by: Gillian Bevan, Head of HR Resources and Assist Chief Executives on behalf of the Chief People Officer

8. EQUALITIES IMPACT

- 8.1 There are no equalities impacts arising from this report.

Approved by: Denise McCausland Equality Programme Manager

9. ENVIRONMENTAL IMPACT

- 9.1 There are no environmental impacts arising from this report.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no crime and disorder impacts arising from this report.

11. DATA PROTECTION IMPLICATIONS

- 11.1 Will the subject of the report involve the processing of 'personal data'?

No.

Has a data protection impact assessment (DPIA) been completed?

No. This report relates to matters relating to the administration of the LGPS and the Croydon Pension Fund.

Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

CONTACT OFFICER:

Matthew Hallett - Acting Head of Pensions and Treasury

BACKGROUND DOCUMENTS:

None.

APPENDIX

Appendix A: Croydon Pensions Admin Team Performance Report, August 2022 to October 2022

Appendix B: Local Government Pension Scheme Common Data Quality Report: Croydon Pension Fund

Appendix C: Local Government Pension Scheme Specific Data Quality Report: Croydon Pension Fund









Croydon Pensions Admin Team Performance Report

December 2022

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Reference Key Table

Direction of travel reference table	
	100% achieved against target performance improved
	100% achieved on target and performance static
	>90% achieved against target and performance improved
	>90% achieved against target and performance static
	>90% achieved against target and performance declined
	<90% achieved against target and performance improved
	<90% achieved against target and performance static
	<90% achieved against target and performance declined

Legal Deadlines






Process	Legal Requirement	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Direction of Travel	Comments
		August 2022		September 2022		October 2022			
Send a notification of joining the LGPS to a scheme member	Two months from the date of joining the scheme or earlier if within one month of receiving jobholder information where the individual is being automatically enrolled/re-enrolled	176	100%	235	98.72%	158	97.47%	↓	3 cases missed target in Septmeber 4 cases missed target in October. These were more complex cases involving aggregation
Inform a scheme member of their calculated benefits (refund or deferred)	As soon as practicable and no more than two months from the date of notification (from employer or scheme member)	428	18.46%	666	12.91%	307	19.54%	↑	Historical backlog has now been passed to Hymans Robertson for processing. As old cases are processed this will impact on performance against target. Until the backlog is cleared 100% performance against this deadline will not be met.

Process	Legal Requirement	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Direction of Travel	Comments
		August 2022		September 2022		October 2022			
To process and pay a refund	Two months from the date of request	13	100%	15	100%	13	100%		
Obtain transfer details for transfer in, calculate and provide quotation to member	Two months from the date of request	5	100%	4	100%	5	100%		
Notify the amount of retirement benefits	One month from the date of retirement if on or after normal pension age or two months from the date of retirement if after normal pension age	43	100%	93	100%	72	100%		
Provide a retirement quotation on request	As soon as practicable but no more than two months from the date of request unless there has already been a request in the last 12 months	91	100%	76	97.37%	79	100%		Two cases relating to the same person were delayed in September. Delayed as we were unable to trace member. Processes have now changed to avoid this.

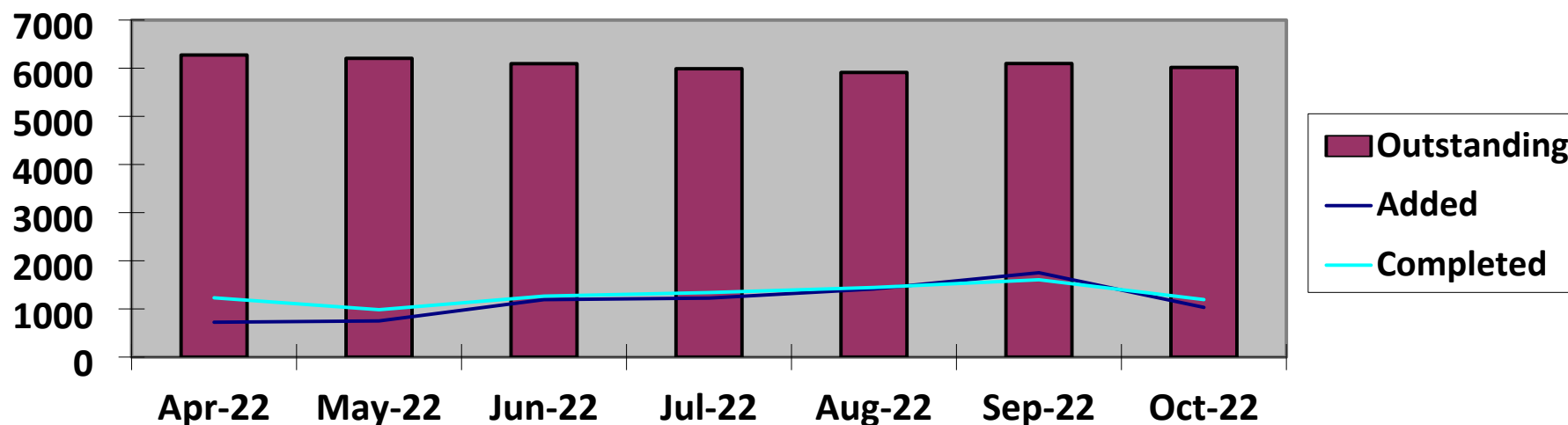
Process	Legal Requirement	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Direction of Travel	Comments
		August 2022		September 2022		October 2022			
Calculate and notify (dependent(s) of amount of death benefits	As soon as possible but in any event no more than two months from date of becoming aware of death or from date of request from a third party (e.g. personal representative)	22	100%	32	100%	26	100%		
Provide all active and deferred members with annual benefit statements each year	By 31 st August								

Team Performance Targets

Process	Team Target	Total Number Completed	% Achieved against target	Average days to process	Total Number Completed	% Achieved against target	Average days to process	Total Number Completed	% Achieved against target	Average days to process	Direction of Travel	Comments
		August 2022			September 2022			October 2022				
Send a notification of joining the LGPS to a scheme member	30 days from date of notification of joining member	176	99.43%	1	235	98.72%	6	158	97.47%	11	↓	New starters that employers have not informed us about are being identified as part of the end of year process. The extra resources diverted to processing new starters has vastly improved KPIs in this area.
Inform a scheme member of their calculated benefits (refund or deferred)	40 working days from date of notification (from employer or scheme member)	428	17.76%	866	666	12.31%	1008	307	18.89%	963	↑	<p>Historical backlog has now been passed to Hymans Robertson for processing. As old cases are processed this will impact on performance against target. Until the backlog is cleared 100% performance against target will not be met.</p> <p>The Pension Committee have requested a breakdown between backlog and current cases. It has not been possible to seaparte the current and historic cases in the reporting without significant changes of the report. As the backlog project is due to end in Sept/Oct a deciosn has been made to keep the KPI reporting as one.</p>

Process	Team Target	Total Number Completed	% Achieved against target	Average days to process	Total Number Completed	% Achieved against target	Average days to process	Total Number Completed	% Achieved against target	Average days to process	Direction of Travel	Comments
		August 2022			September 2022			October 2022				
To process and pay a refund	40 working days from the date of request	13	100%	1	15	100%	4	13	100%	3		
Obtain transfer details for transfer in, calculate and provide quotation to member	40 working days from the date of request	5	100%	1	4	100%	2	5	80%	5		1 case in October missed target
Notify the amount of retirement benefits	20 working days from date of retirement	43	100%	2	93	100%	2	72	100%	3		
Provide a retirement quotation on request	15 working days from date of request	91	100%	1	76	97.37%	7	79	100%	2		Two cases relating to the same person were delayed in September. Delayed as we were unable to trace member. Processes have now changed to avoid this.
Calculate and notify (dependent(s) of amount of death benefits	20 working days from receipt of all information	22	100%	2	32	100%	3	26	96.15%	4		1 case in October missed target. Delay due to sale of house in order to repay overpayment. No survivor's benefits payable in this case.

Case levels



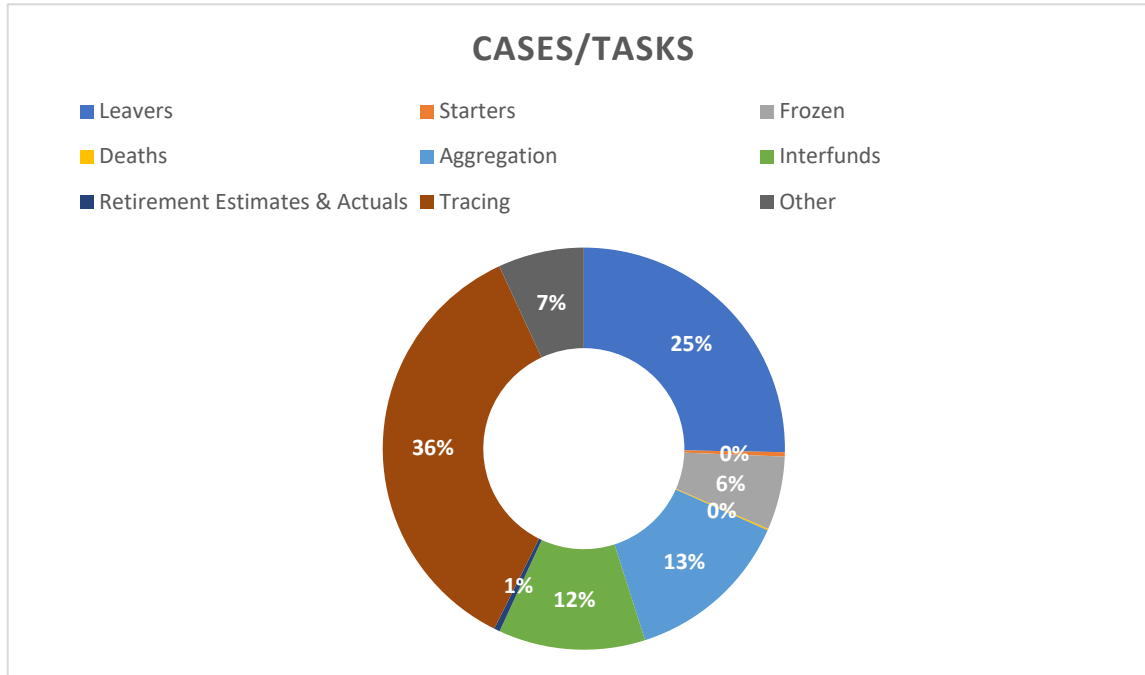
This chart details the number of cases and stand-alone tasks added and completed and the number of outstanding cases/tasks at the end of each period. The number of tasks and cases added and completed each month is also being tracked.

The figures used to compile this chart are taken from three separate reports using real time data. As a result there are some discrepancies between the reports and it has been necessary to remove the number of cases/tasks brought forward each month. The team is working to resolve these issues.

The majority of stand-alone tasks are generated automatically by the iConnect system and do not always result in a calculation case being created. The iConnect tasks are assessed by the Technical Team and appropriate action is taken. Although a task may not result in a calculation we have included them in the figures to show the volume of work processed by the team.

A stand-alone tracing task is setup once a backlog deferred case has been completed. Resources have been allocated to trace these members. The number of tracing tasks amounts to 35.70% of outstanding cases/tasks as at 31 October 2022.

Breakdown of case/task type



Member self-service

Scheme members registered	6010
Number scheme members who accessed annual benefit statement Q2 Jul 2022 – Sep 2022	22.74%

Local Government Pension Scheme Common Data Quality Report Croydon Pension Fund

September 2022

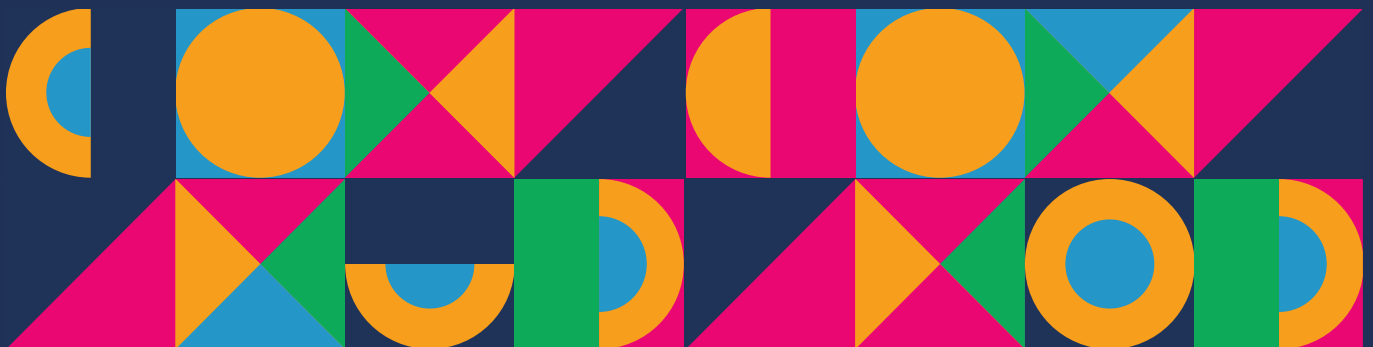


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1 Executive Summary

1.1.1. Introduction

In 2015, the Pensions Regulator (TPR) assumed responsibility for Public Sector Pension Schemes. Prior to this, in June 2010, TPR issued guidance on the approach that they consider to be good practice for measuring the presence of member data. Specific targets were set for data TPR deemed as ‘common’ and Heywood Consulting has assisted customers in the collection and qualification of this data.

To assist customers in undertaking a practical assessment of their common data, Heywood Consulting offers a Data Quality service.

1.1.2. Data Quality Service

Working with the Croydon Pension Fund (CPF), Heywood Consulting has completed a review of CPF common pension data in line with the guidance notes set down by TPR. Heywood Consulting’s understanding of the Local Government Pension Scheme data, benefit calculations, interfaces, and processes, has assisted in the agreement of which items to test. The tests to satisfy each condition have been run and the results quantified to provide guidance on any corrective action required.

The service incorporates data items tested against the data conditions agreed with CPF. To provide focus on the key areas of common data to be addressed, each data category is measured against an agreed benchmark.

In 2019, a set of “core” tests were identified for reporting to TPR. The results to be quoted to TPR are quoted separately from the overall test scores. For details of where the TPR tests differ from the overall tests, please refer to appendix B.

1.1.3. Benchmark

The benchmarks applied to the results presented in this report were agreed between CPF and Heywood Consulting. The thresholds are as follows:

Pass Threshold
Pass rate \geq 98%
95% \leq Pass rate $<$ 98%
90% \leq Pass rate $<$ 95%
Pass rate $<$ 90%

TPR have set targets of 100% accuracy for data created after June 2010 and 95% accuracy for data created beforehand. The Heywood Consulting data quality service measures data as a whole as updates for many members are continuous and alter the last updated date on the system.

1.1.4. Summary of Common Data Results

The graph below indicates CPF performance for each data category together with the results from the 2021 tests. The results presented herein are generated from data extracted from CPF's live Altair on 3rd October 2022. The overall percentage of tests passed for CPF common data is 98.7% which is a decrease of 0.1% on the 2021 score of 98.8%. The 2022 tests were conducted on 44,271 member records.

The percentage of member records without a single common data failure is 90.9%. This represents a decrease of 0.1% on the 2021 score of 91.0%.



Five of the eight categories met the highest threshold of greater than 98% with four categories not recording a single failure. The lowest scoring category concerned member **Address** that achieved a score of 96.4% which is a decrease on the 2021 score of 97.6%.

The general quality of the common data tested at CPF is of a high standard.

1.1.5. TPR Common Data Core Test Results

The percentage of member records that did not fail any of the tests deemed to be in the core list of TPR tests is 97.4%. This is the figure to be quoted on the scheme return to TPR. This represents a decrease of 0.1% on the 2021 score of 97.5%. The core test scores for each category are shown below.



Invalid and Valid Data View categories have been marked as scoring 100% as they are not included in the TPR core results.

2 Analysis of Common Data Results

Specific tests are checked in each of the core categories. The image below provides a breakdown of the failure types. Refer to section 3 Areas for Review for more detail.

Category	Tested	Passed	Pass Rate %	Failures	Failures	
NI Number	44,271	43,668	98.6%	603	Fail A: NI Number (NI-NUMBER) is blank	38
					Fail B: NI number is temporary	548
					Fail C: NI number does not adhere to standard	17
Name	44,271	44,271	100.0%	0	Fail A: Surname (SURNAME) is blank	0
					Fail B: Forenames (FORENAMES) is blank	0
					Fail C: Initials (INITIALS) is blank	0
Sex & DOB	44,271	44,271	100.0%	0	Fail A: Sex (SEX) is blank	0
					Fail B: Sex is not Male or Female	0
					Fail C: Date of Birth (DOB) is blank	0
					Fail D: Date of Birth <= 01/01/1900	0
Date commenced ..	44,271	44,271	100.0%	0	Fail A: Date Joined fund (DJF) is blank	0
					Fail B: Date Joined Fund is earlier than Date of Birth plus 15 ..	0
Status	44,271	44,271	100.0%	0	Fail A: Status (STATUSKEYF) is blank	0
					Fail B: Invalid Status	0
					Fail C: Status on member summary does not match basic de..	0
Status and invalid data view	44,271	42,545	96.1%	1,726	Fail A: Exit Details	323
					Fail B: Deferred Details	1,180
					Fail C: Pension Details	205
					Fail D: Dependant Details	57
Address	30,116	29,040	96.4%	1,076	Fail A: Address record does not exist	360
					Fail B: Address record exists, but line 1 (ADD-LINE-1) is blank	143
					Fail C: Gone Away (ADD-GONAWY) indicator is set	592
					Fail D: Postcode is blank and address is not overseas	81
					Fail E: Postcode format invalid and address is not overseas	4
Status and valid data view	27,606	26,729	96.8%	877	Fail A: Deferred Details	2
					Fail B: Pension Details	0
					Fail C: Dependant Details	0
					Fail D: Exit Details	116
					Fail E: Date pension ceased	362
					Fail F: Date pension ceased	402

3 Areas For Review

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p>NI Number</p> <p><u>Eligible for Testing:</u> All Members</p>	44,271	43,668	<p>Overall: 98.6%</p> <p>TPR: 99.7%</p>	<p>Fail A: 38</p> <p>Fail B: 548</p> <p>Fail C: 17</p>	<p>The number of members to pass tests has increased by 4.</p> <p>38 Members, 32 of which are non-child dependants, have a blank NI number. These should be addressed as a priority.</p> <p>There are 548 members with a temporary NI number to be addressed:</p> <ul style="list-style-type: none"> • 204 Leavers and 268 deceased, that may be dealt with as a lower priority. These are excluded from the TPR results: • 3 are active members • 8 are deferred pensioners • 1 is a dependant • 45 are frozen refunds • 17 are optant outs • 3 are status Z (aggregation) but 1 of the members looks to be a member used for testing (surname = TEST in a test employer)

					17 members have an NI Number with an incorrect format which is not a core test. 4 of these are leavers and 9 are deceased members. Of the remaining 4 members, 2 are frozen refund and 2 are optant out.
Name <u>Eligible for Testing:</u> All Members	44,271	44,271	Overall: 100% TPR: 100%	Fail A: 0 Fail B: 0 Fail C: 0	All member records have valid name fields recorded as they did in 2021.
Sex and Date of Birth <u>Eligible for Testing:</u> All Members (Leavers and Deaths excluded from test D)	44,271	44,271	Overall: 100% TPR: 100%	Fail A: 0 Fail B: 0 Fail C: 0 Fail D: 0	All member records have a valid sex and date of birth recorded as they did in 2021.
Date Commenced and NRD <u>Eligible for Testing:</u> All Members	44,271	44,271	Overall: 100% TPR: 100%	Fail A: 0 Fail B: 0	All members have a valid date commenced and NRD this year. 1 member failed a test in 2021.

<p>Status</p> <p><u>Eligible for Testing:</u> All Members</p>	<p>44,271</p>	<p>44,271</p>	<p>Overall: 100%</p> <p>TPR: 100%</p>	<p>Fail A: 0 Fail B: 0 Fail C: 0</p>	<p>All members tested have a valid status recorded as they did in 2021.</p>
<p>Status and Invalid Data view</p> <p><u>Eligible for Testing:</u> All Members</p> <p><i>This category is excluded from the TPR core results</i></p>	<p>44,271</p>	<p>42,545</p>	<p>Overall: 96.1%</p> <p>TPR: N/A</p>	<p>Fail A: 323 Fail B: 1180 Fail C: 205 Fail D: 57</p>	<p>This condition is excluded from the TPR results. The number of members failing this condition has increased by 103.</p> <p>323 members have an exit data view which is not in line with their status history. 1,180 members have an unexpected 'deferred' data view having never been deferred. This has increased by 35 members. 205 members have an unexpected 'pensions' data view, an increase of 7. 57 members have an unexpected 'dependants' data view.</p> <p>1,726 member records have unexpected data views:</p> <ul style="list-style-type: none"> • 233 are leavers and 819 are deceased that may be dealt with as a lower priority • 144 are active members • 9 are undecided leavers • 133 are deferred pensioners • 91 are pensioners • 2 are adult dependants • 35 are frozen refunds • 226 are aggregated records • 34 are optant outs who would not be expected to have any data of this kind.

<p>Address</p> <p><u>Eligible for Testing:</u> All Members except leavers and deaths</p>	<p>30,116</p>	<p>29,040</p>	<p>Overall: 96.4%</p> <p>TPR: 96.4%</p>	<p>Fail A: 360 Fail B: 143 Fail C: 592 Fail D: 81 Fail E: 4</p>	<p>The number of members failing tests has reduced by 198 to 1076.</p> <p>360 members have no address recorded, a reduction of 30 from 2021. 143 members have an address record, but the 1st line is blank. 592 members are recorded as “gone away”. 81 members have no postcode recorded. These tests are included in the TPR core results.</p> <p>A further 4 postcodes are in an incorrect format. This test does not count towards the TPR core results.</p>
<p>Status and Valid Data view</p> <p><u>Eligible for Testing:</u> All Members</p> <p><i>This category is excluded from the TPR core results</i></p>	<p>27,606</p>	<p>26,729</p>	<p>Overall: 96.8%</p> <p>TPR: N/A</p>	<p>Fail A: 2 Fail B: 0 Fail C: 0 Fail D: 116 Fail E: 362 Fail F: 402</p>	<p>This condition is excluded from the TPR core results. The number of members failing tests has decreased from 1,622 to 876.</p> <p>2 deferred members are missing deferred details 116 deceased cases are missing exit details where death grant details are recorded.</p> <p>362 deceased members who were pensioners do not have a date recorded for when the pension ceased. Similarly, 402 deceased dependants are missing a cease date.</p>

4 Data Correction Plan

The table below provides CPF with suggestions for resolving the issues identified. This table is deliberately high-level as the detail and dates should be agreed once the results have been thoroughly reviewed. This table represents a summary of the recommended actions outlined in Section 3.

Data Category	Recommendation	Suggested Priority
NI Number	<ul style="list-style-type: none"> Obtain NI numbers for those missing an entry, in particular the actives and dependent Obtain the correct NI numbers for the members with temporary numbers or those in the incorrect format 	<ul style="list-style-type: none"> High Low
Name	<ul style="list-style-type: none"> No issues found 	
Sex and Date of Birth	<ul style="list-style-type: none"> No issues found 	
Date Commenced and NRD	<ul style="list-style-type: none"> No issues found 	
Status	<ul style="list-style-type: none"> No issues found 	
Status and Invalid Data View	<ul style="list-style-type: none"> Invalid data should be removed where necessary or the member status history corrected where appropriate. These cases should be treated as a high priority where the member is not a leaver or deceased as the presence of the data may affect benefits 	<ul style="list-style-type: none"> High
Address	<ul style="list-style-type: none"> Current addresses should be sought and uploaded for the members that failed this category 	<ul style="list-style-type: none"> Medium
Status and Valid Data View	<ul style="list-style-type: none"> Correct the 2 deferred pensioners missing benefit details 	<ul style="list-style-type: none"> VERY HIGH

Data Category	Recommendation	Suggested Priority
	<ul style="list-style-type: none"> • The 116 deaths from active and deferred status may be missing death grant data and should be investigated • The 764 pensioner and dependent deaths with missing cease dates should be investigated and corrected 	<ul style="list-style-type: none"> • Low • Low

5 Appendices

5.1. Appendix A – TPR Guide

Data Field	TPR Comment
National Insurance Number	'TN' formats should be regarded as missing data. The final character of NI numbers is not essential.
Surname	Check that surname is present.
Forename(s) or initials	Forenames are preferable but initials are an acceptable alternative.
Sex	Check that sex is present.
Date of birth	Check that date of birth is present and consistent (earlier than date joined scheme, retirement, date of leaving). False dates should be classed as missing data.
Date pensionable service started/policy start date/first contribution date	For trust-based schemes this will be date pensionable service started. For contract-based schemes this will effectively be the start date of the policy or the first contribution date, depending on the provider's requirements.
Expected retirement/maturity date (target retirement age)	This field may be derived or explicit; for most DB schemes it will probably be derived as the scheme's normal retirement date. Need to check that it is populated if that is a scheme/system requirement, that it is consistent with scheme rules and statutory requirements and is later than date of birth and pensionable service date/first contribution date.
Membership status	Check that a current valid status is recorded for each member. This may be a dual status, e.g., active or deferred member with partial retirement. For contract-based schemes this may be 'active' or 'inactive'.

Data Field	TPR Comment
Last status event	Check that benefits taken are consistent with status, and, if status history is recorded, that the latest status is the same as the explicitly recorded current status.
Address	An address should be present for all members of all schemes. Because of DPA requirements an exception is permissible for active members of those trust-based schemes in which communication with members is normally sent via the employer. 'Gone away', 'unknown' or similar should be treated as missing data.
Postcode	Check that a postcode is present if address is not identifiable as being overseas. Will assist with valuations for actives, for whom storing full address may breach DPA principles.

5.2. Appendix B – Common Data and Fail Criteria

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p>NI Number</p> <p><u>Eligible for Testing:</u> All Members*</p>	<p>NI Number (NINUMBER) is blank</p>	<p>NI number is temporary (commences TN) and is not a child pension (DEPND-TYPE = 'C')</p> <p><i>*Current status 3 (leaver) and 7 (death) are excluded from the TPR results</i></p>	<p>NI number does not adhere to standard (Neither of the first two letters can be D, F, I, Q, U or V. The second letter cannot be O. Prefixes BG, GB, KN, NK, NT, TN (checked in fail B) and ZZ are not used. Suffix must be A, B, C or D. Characters 3-8 must be numbers)</p> <p><i>*This test is excluded from the TPR results</i></p>			
<p>Tested: 44,271</p>	<p>Failed: 38</p>	<p>Failed: 548</p>	<p>Failed: 17</p>			
<p>Name</p> <p><u>Eligible for Testing:</u> All Members*</p>	<p>Surname (SURNAME) is blank</p>	<p>Forenames (FORENAMES) is blank</p>	<p>Initials (INITS) is blank</p> <p><i>*This test is excluded from the TPR results</i></p>			
<p>Tested: 44,271</p>	<p>Failed: 0</p>	<p>Failed: 0</p>	<p>Failed: 0</p>			

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
Sex and Date of Birth <u>Eligible for Testing:</u> All Members *	Sex (SEX) is blank	Sex is not Male or Female	Date of Birth (DOB) is blank	Date of Birth is earlier than or equal to 01/01/1900 <i>*Current status 3 (leaver) and 7 (death) are excluded from the TPR results</i>		
Tested: 44,271	Failed: 0	Failed: 0	Failed: 0	Failed: 0		
Date Commenced and NRD <u>Eligible for Testing:</u> All Members*	Date Joined fund (DJF) is blank <i>*Status 6 or Status 0 or previous status 6 are excluded from the test</i>	Date Joined Fund is earlier than Date of Birth plus 15 years <i>*Status 6 or Status 0 or previous status 6 are excluded from the test</i> <i>*This test is excluded from the TPR results</i>	NRD checks are not required as these are always calculated			
Tested: 44,271	Failed: 0	Failed: 0				
Status <u>Eligible for Testing:</u> All Members	Status (STATUSKEYF) is blank	Status is not 1-9, T or O	Status on member summary (STATUSKEYF) does not match that on basic			

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
			details (STATUS[1]) <i>*This test is excluded from the TPR results</i>			
Tested: 44,271	Failed: 0	Failed: 0	Failed: 0			
Status and Invalid Data <u>Eligible for Testing:</u> All Members <i>Category is excluded from TPR results</i>	Exit details should not be present unless status is 3, 7 or 9 or a previous status is 9 and the current status is 1, 2, 4, 5 or T	Deferred details should not be present unless status is 4 or a previous status is 4 and the current status is 1, 2, 3, 5, 7 or T	Pension details should not be present unless status is 5 or T or a previous status is 5 or T and the current status is 1, 2, 3, 4 or 7	Dependant details should not be present unless status is 6 or a previous status is 6 and the current status is 3 or 7		
Tested: 44,271	Failed: 323	Failed: 1,180	Failed: 205	Failed: 57		
Address <u>Eligible for Testing:</u> All Members except leavers and deaths (status 3 and 7)	Address record does not exist	Address record exists, but line 1 (ADD-LINE-1) is blank	Gone Away (ADDGONAWY) indicator is set	If the address is not overseas, the Postcode (POSTCODE) is blank	If the address is not overseas, the Postcode is not the correct format (1st letter =Q, V or X, 2nd letter is I, J or Z, 3rd, 4th or 5th character is not a space) <i>*This test is excluded from the TPR results</i>	

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
Tested: 30,116	Failed: 360	Failed: 143	Failed: 592	Failed: 81	Failed: 4	
<p>Status and Valid Data</p> <p><u>Eligible for Testing:</u> Members with deferred benefits or benefits in payment (Status 4, 5, 6, 7, 9 and T)</p> <p><i>Category is excluded from TPR results</i></p>	Status 4 does not have deferred details	Status 5 or T do not have pension details	Status 6 does not have dependant details	Status 7 or 9, with a previous status of 1 or 4 do not have exit details	Status 7 with a previous status of 5 should have a relevant date pension ceased	Status 7 with a previous status of 6 should have a relevant date pension ceased
Tested: 27,606	Failed: 2	Failed: 0	Failed: 0	Failed: 116	Failed: 362	Failed: 402

Local Government Pension Scheme Specific Data Quality Report Croydon Pension Fund

October 2022

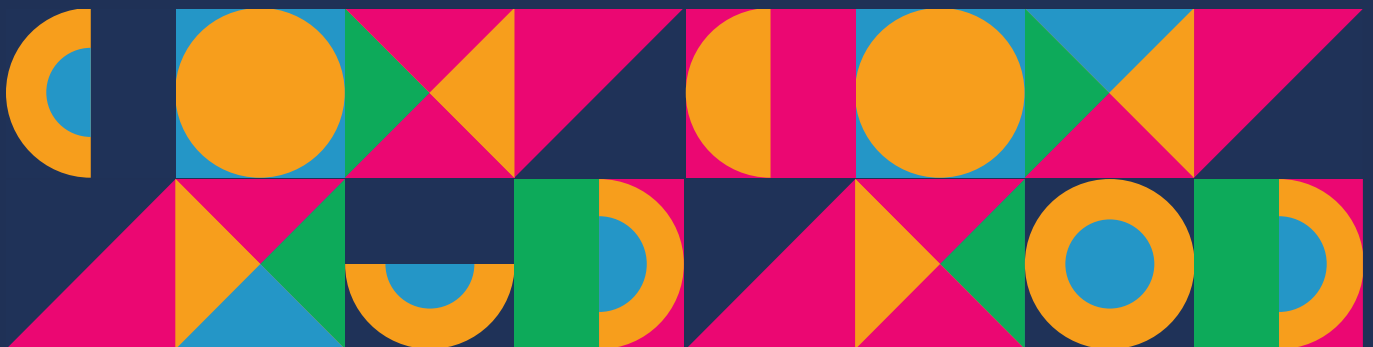


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1 Executive Summary

1.1.1. Introduction

In 2015, the Pensions Regulator (TPR) assumed responsibility for Public Sector Pension Schemes. Prior to this, in June 2010, TPR issued guidance on the approach that they consider to be good practice for measuring the presence of member data. Specific targets were set for data TPR deemed as 'common' and Heywood Consulting has assisted customers in the collection and qualification of this data. TPR also outlined 'scheme-specific' data but did not set prescriptive targets as the data is deemed to be scheme-specific. The guidance did target Pension Scheme Trustees to ensure that 'reasonable endeavours' were undertaken to provide evidence of assessment and measurement, together with an action plan to meet the scheme specific targets.

To assist customers in undertaking a practical assessment of their scheme-specific data, Heywood consulting offers a Data Quality service.

1.1.2. Data Quality Service

Working with Croydon Pension Fund (CPF), Heywood Consulting has completed a review of CPF scheme-specific pension data in line with the guidance notes set down by TPR detailed in appendix A. Heywood's understanding of the Local Government Pension Scheme data, benefit calculations, interfaces, and processes, has assisted in the agreement of which items to test. The tests to satisfy each condition have been run and the results quantified to provide guidance on any corrective action required.

The following terms should be understood to aid understanding of the conditions used and the results obtained:

- **Data condition** – identified TPR condition, for example check that an active member does not have a date of leaving
- **Data category** – grouping of relevant data conditions, for example Member Benefits
- **Data item** – item of data which forms part of a data condition for example 'date of leaving'

The service incorporates in the order of 100 individual tests against the data conditions agreed with CPF. To provide focus on the key areas of scheme-specific data to be addressed, each data category is measured against an agreed benchmark.

In 2019, a set of "core" tests were identified for reporting to TPR. The results to be quoted to TPR are quoted separately from the overall test scores. For details of where the TPR tests differ from the overall tests, please refer to appendix C.

1.1.3. Benchmark

The benchmarks applied to the results presented in this report were agreed between CPF and Heywood Consulting. The thresholds are as follows:

Pass Threshold
Pass rate >= 98%
95% <= Pass rate < 98%
90% <= Pass rate < 95%
Pass rate < 90%

1.1.4. Summary of Scheme Specific Data Results

The graph below indicates CPF’s performance for each data category against the agreed scheme benchmarks together with the results from the 2021 tests. Also below is an explanation as to the data conditions relevant to each data category. The overall percentage of tests passed for CPF’s scheme-specific data is **98.1%** an increase of 0.9% over the 2021 score of 97.2%. The 2022 tests were conducted on 56,326 member records, an increase of 2,823 since 2021.

The percentage of member records without a data failure is **91.9%**. This represents a increase of 4.3% on the 2021 score of 87.6%.



1.1.5. TPR Scheme Specific Data Core Test Results

The percentage of member records that did not fail any of the tests deemed to be in the core list of TPR tests is **96.4%**. This represents an increase of 1.1% over the 2021 score of 95.3%. This is the figure to be quoted on the scheme return to TPR. The results for each qualifying category are shown below:



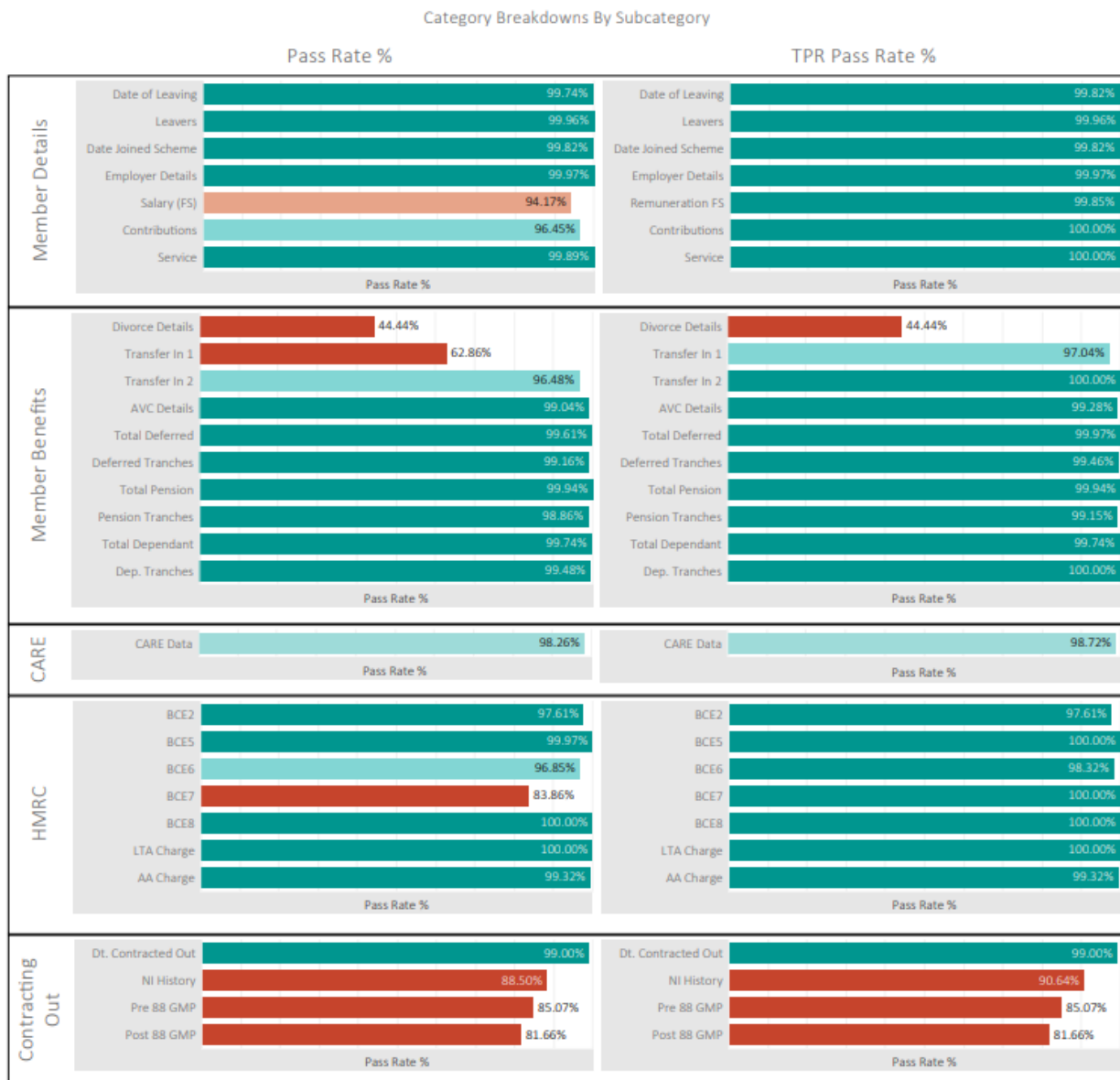
1.1.6. Other Information

The remainder of this report is split into the following sections:

- **Scheme-specific Data Results** – results of each in-scope condition per category along with the number of members tested, main failures and suggested risks and actions
- **Appendices** – details to qualify failures against each condition, along with a list of TPR’s guidance relating to the Local Government Pension Scheme

Where possible, Heywood has provided advice and suggested next actions to work with CPF in implementing a solution to any data anomalies. This document is the start point for CPF’s data management policy and Heywood will agree with CPF the appropriate frequency to repeat these conditions and demonstrate progress in scheme-specific data cleansing.

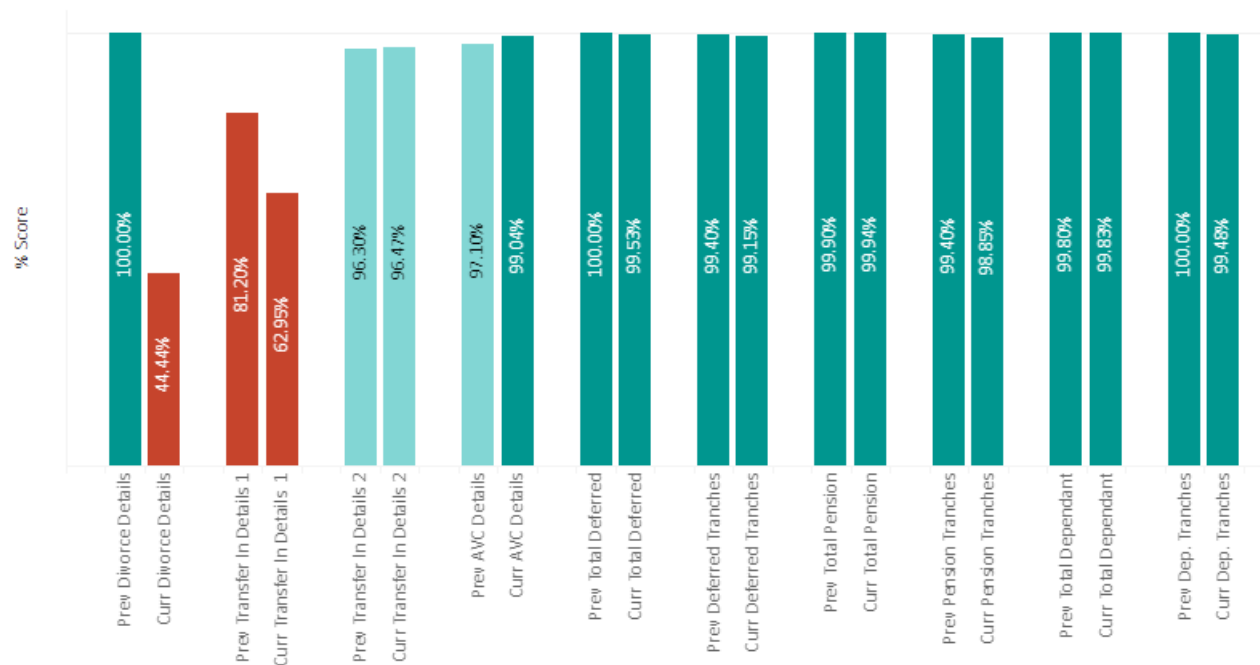
2 Analysis of Scheme Specific Data Results



2.1. Member Benefits

This category includes those data conditions for members that directly relate to the details of benefits in payment or to the calculation of benefits yet to be paid.

A total number of 21,916 members qualified for one or more checks as part of the in-scope conditions under this category, a decrease of 1,772 on 2021. The category achieved a **94.2%** pass rate. This pass rate is a 4.1% decrease on 2021. 7 of the 10 Data Conditions specified attained the highest benchmark (>98%). The lowest scoring condition was Divorce Details, where 44.4% of members tested passed. This represents a 55.6% decrease on 2021. The other condition not to achieve the highest benchmark was Transfer In Details 1, where 62.9% of members passed. This represents a decrease of 18.3% on 2021. There has been a small change to the testing criteria for both conditions which will have an effect the pass rate.



Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
Divorce Details <u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T where Calculation Date (DVC-CALDTE) has a value	9	4	Overall: 44.4% TPR: 44.4%	Fail A: 0 Fail B: 0 Fail C: 2 Fail D: 0 Fail E: 3 Fail F: 0	There has been a 55.6% decrease in the percentage of member to pass tests since 2021. 2 members are missing or have an effective date prior to 01/12/2000 and 3 members are missing a pension debit value.

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p>Transfer In Details 1</p> <p><u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T where transfer In details exist</p>	2,668	1,677	<p>Overall: 62.9%</p> <p>TPR: 97.0%</p>	<p>Fail A: 169 Fail B: 30 Fail C: 684 Fail D: 201 Fail E: 11 Fail F: 169</p>	<p>The pass rate has decreased from 81.2% to 62.9%. There has been a change to the test which will contribute to the results.</p> <p>169 transfers are missing the date of transfer or have a date prior to 01/01/1900. 66 are either active or deferred and count towards the TPR score.</p> <p>30 are missing a transfer value, including 10 actives and 15 deferred members that count towards the TPR score. The remaining 5 members are pensioners and do not count.</p> <p>There are 684 failures where there is no service credit or pension credit recorded from the transfer that will require investigation. Providing the service was recorded correctly on the service history, member benefits will be correct. This number has increased by 582.</p> <p>There are 201 instances where there is a service credit, but no corresponding service dates on the service history.</p> <p>11 instances concerned invalid transfer types that do not match those calculations write-back. This fault may lead to incorrect reporting but will not affect benefits.</p> <p>Additionally, there were 169 cases where the transfer date was prior to the date of commencement.</p>

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p>Transfer In Details 2</p> <p><u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T where transfer In details exist</p>	2,668	2,574	<p>Overall: 96.5%</p> <p>TPR: N/A</p>	Fail A: 94	94 transfers are missing both the name and the location number of the previous scheme. The number of fails has decreased by 22 since 2021.
<p>AVC Details</p> <p><u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T where AVC details exist</p>	830	822	<p>Overall: 99.0%</p> <p>TPR: 99.3%</p>	Fail A: 0 Fail B: 0 Fail C: 2 Fail D: 6	<p>There has been a small increase of 1.9% in the pass rate for this condition.</p> <p>2 members are missing added years when they are expected. Zero members failed this test in 2021. This test is not included in the TPR core results.</p> <p>6 members with an additional purchase contract does not have an amount of pension being purchased. This test is included in the TPR core results.</p>

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p>Total Original Deferred Benefit</p> <p><u>Eligible for Testing:</u> Status 4</p>	11,955	11,908	<p>Overall: 99.6%</p> <p>TPR: 99.9%</p>	<p>Fail A: 2</p> <p>Fail B: 10</p> <p>Fail C: 2</p> <p>Fail D: 10</p> <p>Fail E: 4</p> <p>Fail F: 35</p>	<p>The overall pass rate has increased by 0.3% from 2021.</p> <p>2 members failed on 2 occasions (tests A and C) due to lack of an initial pension value and current pension value.</p> <p>4 members have a PI effective date that is either missing or earlier than the date joined fund. 27 members failed this test in 2021.</p> <p>10 members have a value in initial and current pension that is less than £1.</p> <p>35 members have a latest PI date earlier than the latest PI date processed. These cases should be investigated ahead of producing deferred ABS.</p>

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p>Tranches of Original Deferred Benefit</p> <p><u>Eligible for Testing:</u> Status 4</p>	11,955	11,854	<p>Overall: 99.2%</p> <p>TPR: 99.5%</p>	<p>Fail A: 13 Fail B: 23 Fail C: 34 Fail D: 30 Fail E: 4 Fail F: 13</p>	<p>There has been a 0.2% decrease in the pass rate since 2021.</p> <p>13 members are either missing the mandatory PEN component or have one that is less than £1. This test is included in the TPR core results.</p> <p>23 members had a total initial pension that did not equal the total of the protected, unprotected, and tapered pensions. 13 members with pre-2088 service did not have a scheme lump sum recorded.</p> <p>Zero members failed test C & D in 2021. 34 members with membership between 2008 and 2014 are missing a small 60ths pension component and 30 members with post 2014 membership are missing or have a small CARE component. These tests are included in the TPR core results.</p> <p>4 members have a missing 50/50 tranche or has one with a value of less than a nominal amount.</p> <p>These cases should be investigated ahead of producing deferred ABS.</p>
<p>Total Gross Pension</p> <p><u>Eligible for Testing:</u> Status 5 & T</p>	7,993	7,988	<p>Overall: 99.9%</p> <p>TPR: 99.9%</p>	<p>Fail A: 0 Fail B: 0 Fail C: 0 Fail D: 0 Fail E: 5</p>	<p>5 members have a blank PI effective date or one that is earlier than date joined fund resulting in failing a test included in the TPR core results.</p>

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p>Tranches of Pension</p> <p><u>Eligible for Testing:</u> Status 5 & T</p>	7,993	7,902	<p>Overall: 98.9%</p> <p>TPR: 99.1%</p>	<p>Fail A: 0 Fail B: 1 Fail C: 62 Fail D: 1 Fail E: 4 Fail F: 24</p>	<p>The number of members failing tests in this condition has increased from 44 since 2021, which has resulted in a small decrease in the pass rate.</p> <p>1 member with service between 2008 and 2014 are missing or have a small 60ths pension component. 4 members have a latest PI date earlier than the latest processed. 62 members with post 2014 service have a missing or small CARE tranche component. These tests are included in the TPR core results.</p> <p>1 member has a missing CP50 tranche or has one with a value of less than a £1.</p> <p>24 members do not have PEN or GMP as the first component.</p> <p>These cases should be investigated as a high priority.</p>
<p>Total Gross Dependant Pension</p> <p><u>Eligible for Testing:</u> Status 6</p>	1,161	1,158	<p>Overall: 99.8%</p> <p>TPR: 99.8%</p>	<p>Fail A: 2 Fail B: 0 Fail C: 2 Fail D: 0 Fail E: 1</p>	<p>3 members failed this test condition, an increase of 1 since 2021.</p> <p>2 members have no initial pension nor current pension. There is 1 member missing the PI date or has one earlier than the date joined fund. These tests count towards the TPR core tests.</p>

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p>Tranches of Dependant Pension</p> <p><u>Eligible for Testing:</u> Status 6</p>	1,161	1,155	<p>Overall: 99.5%</p> <p>TPR: 100%</p>	<p>Fail A: 0</p> <p>Fail B: 6</p>	6 members have a last PI date earlier than the latest date processed by CPF and should be investigated as a high priority to ensure correct benefits are in payment. There has been a decrease of 2 members failing this test.

2.2. Member Details

This category includes those data items that may be used in the calculation of member benefits.

A total number of 32,620 members qualified for one or more checks as part of the in-scope conditions under this category, an increase of 1,010 on 2021. The member details category achieved a **94.5%** pass rate. This pass rate is a 2.8% decrease over 2021. 5 of the 7 Data Conditions specified attained the highest benchmark category. The lowest score was on the Salary condition, where 94.2% of members passed and the second lowest score was 96.4% for the contribution condition, an increase of 8.4%.



Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
Date of Leaving <u>Eligible for Testing:</u> Status 1, 2, 4, 5, 9 & T	32,620	32,534	Overall: 99.8% TPR: 99.8%	Fail A: 19 Fail B: 0 Fail C: 41 Fail D: 26	The number of members failing tests has decreased by 3 since 2021. 19 members have a blank or invalid date joined fund and this should be investigated as their benefits may be incorrect. 41 members have a date of leaving that is earlier than their date joined fund. These tests are included in the TPR core results. 26 members have a date of leaving present without a previous deferred or frozen leaver status.
Date Joined Scheme <u>Eligible for Testing:</u> Status 1, 2, 4, 5, 9 & T	32,620	32,470	Overall: 99.8% TPR: 99.8%	Fail A: 58 Fail B: 0	There are 19 fewer members failing a test in this condition since 2021. 58 members are missing their date commenced pensionable service. This should be investigated immediately as it can affect benefits paid. This test is included in the TPR core tests.
Employer Details <u>Eligible for Testing:</u> Status 1, 2, 4, 5, 9 & T	32,620	32,611	Overall: 99.9% TPR: 99.9%	Fail A: 0 Fail B: 9 Fail C: 0 Fail D: 0	The number of fails in this category has increased by 1. 9 members are either missing a date joined employer or has one earlier than 01/01/1900. 7 members failed this test in 2021. This test is included in the TPR core results.

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p>Salary (Final Salary members)</p> <p><u>Eligible for Testing:</u> Status 1, 2, 4, 5, 9 & T</p>	21,305	20,062	<p>Overall: 94.2%</p> <p>TPR: 99.9%</p>	<p>Fail A: 533 Fail B: 417 Fail C: 23 Fail D: 222 Fail E: 144 Fail F: 114</p>	<p>The number of fails in this category has decreased by 455, from 1698 to 1243.</p> <p>533 members with pre-2104 membership, are missing a pensionable salary entry. This has decreased by 470 since last year.</p> <p>417 non active members have a latest pay date posted but it is not equal to the date left. This test is not included in the TPR core results.</p> <p>23 deferred members have the latest pay date posted but the amount is blank.</p> <p>222 deferred members, an increase of 89 since 2021 have a blank or small pensionable pay on their deferred details. Similarly, 144 pensioners have a blank or small entry in the pensionable pay field on the pension details.</p> <p>114 members had a latest salary recorded that was earlier than the latest bulk update by CPF and should be investigated to determine if they are still active members.</p> <p>Annual benefit statements cannot be processed for members with final salary service without a pay recorded and therefore investigation should be made to ensure no members are affected in this way.</p>

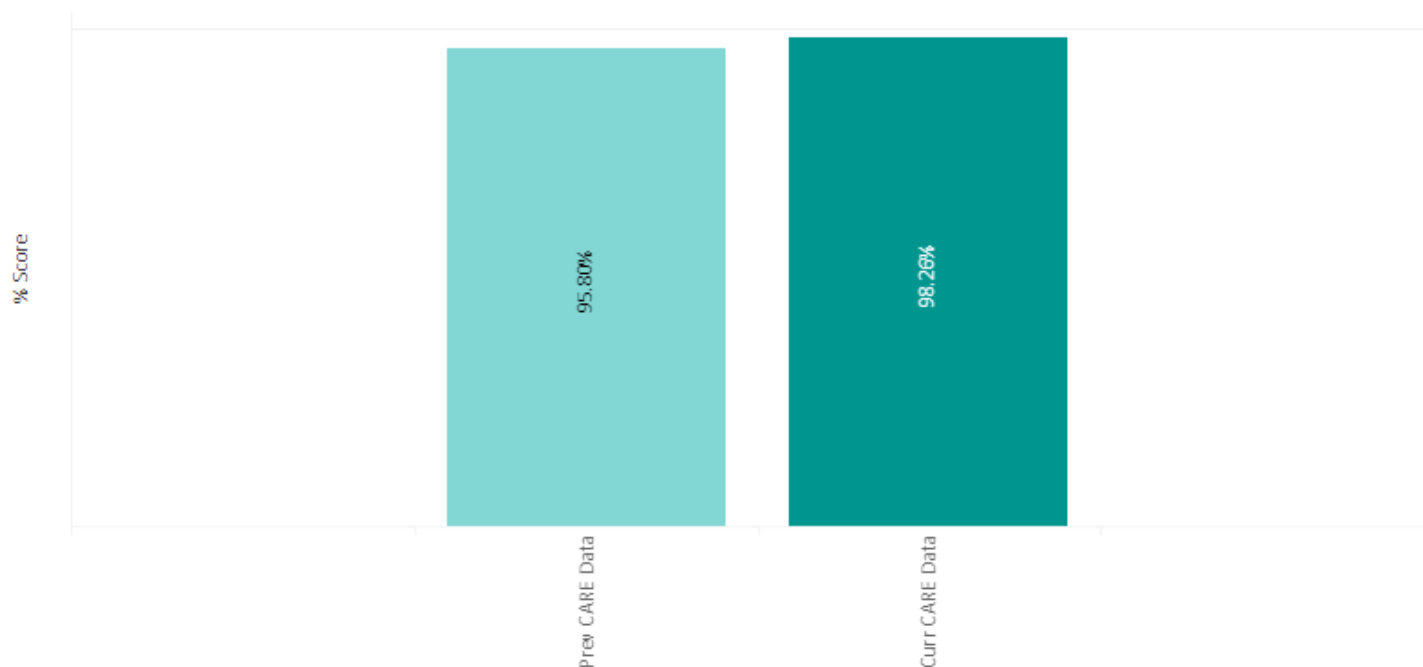
Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
Contributions <u>Eligible for Testing:</u> Status 1, 2, 4, 5, 9 & T	15,647	15,091	Overall: 96.5% TPR: N/A	Fail A: 374 Fail B: 217	The number of failed tests in this condition has decreased by 3,244. The condition is excluded from the TPR core results. 374, some 2,885 fewer members, are missing the rolled-up contribution total. The bulk contribution totalling calculation will populate the rolled-up contribution total where contributions exist. 217, some 506 less members, did not have a contribution posting for the latest bulk update by CPF and these should be investigated to determine if they are still active members.
Leavers <u>Eligible for Testing:</u> Status 4, 5, 9 & T	22,724	22,714	Overall: 99.9% TPR: 99.9%	Fail A: 10 Fail B: 0 Fail C: 0	11 members failed tests in this condition in 2021. 10 members are missing a date of leaving. This test is included in the TPR core results.
Service <u>Eligible for Testing:</u> Status 1, 2, 4, 5, 9 & T	32,620	32,583	Overall: 99.9% TPR: N/A	Fail A: 37	37 members have dates on the basic details that suggest a service change since commencement, but do not have a service history to detail the change. Of these, 9 are active, 13 are deferred, 13 are pensioners and 2 are a frozen refund.

2.3. CARE Benefits

This category includes those data items required to calculate Career Average Revalued Earning (CARE) benefits.

A total number of 19,787 members qualified for the checks as part of the in-scope conditions under this category, an increase of 1,073 on 2021. This category achieved a **98.3%** pass rate, placing CARE benefits in the highest threshold. This pass rate represents a 2.5% improvement on 2021. Failures in this category require investigation as CARE data directly affects member benefits.

As CARE revaluation is calculated for each member from a single factor table, the table itself is checked for a complete list of factors and was given a 100% pass. Fails in this category directly affect the calculation of member benefits and so should be resolved as a priority.



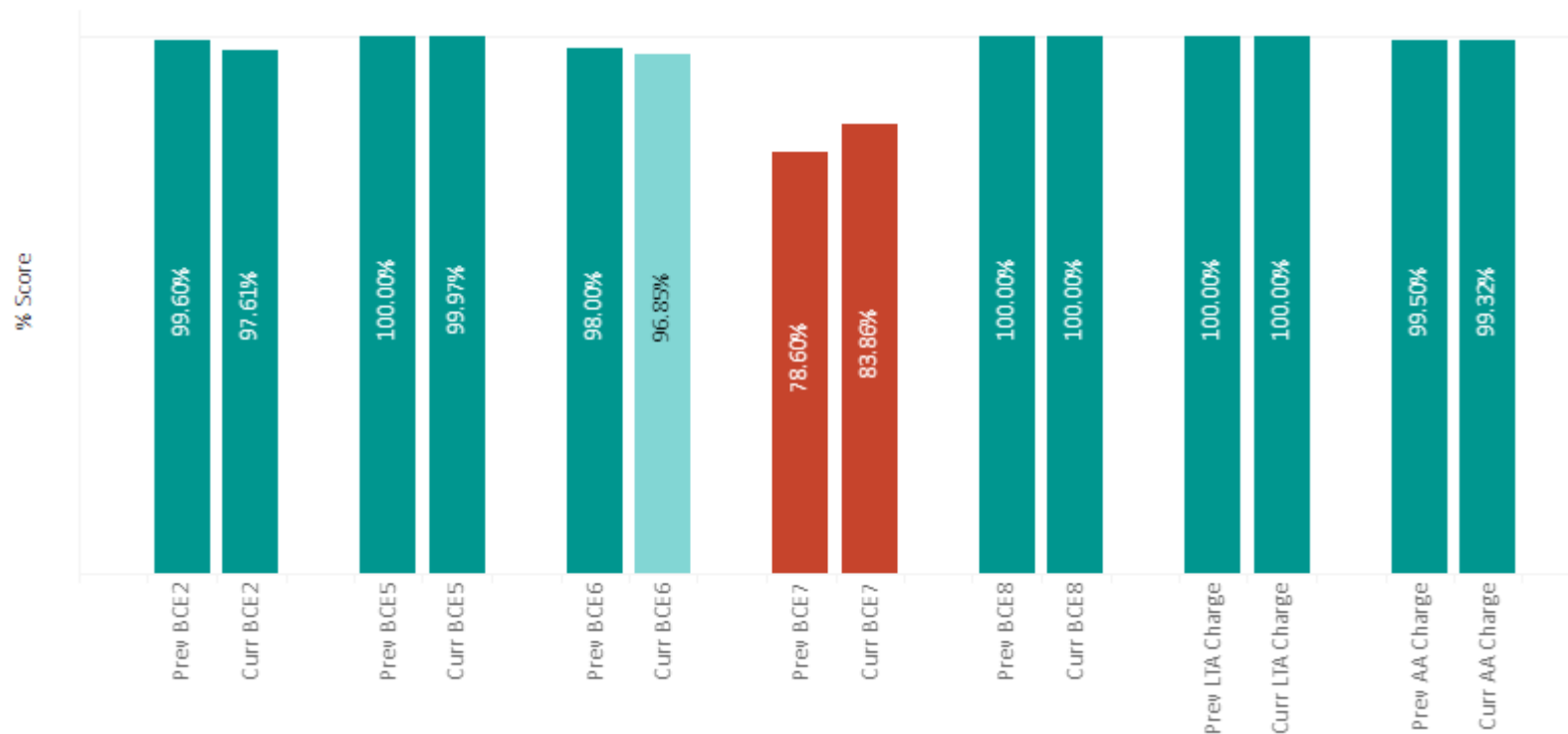
Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p>CARE data</p> <p><u>Eligible for Testing:</u> Status 1, 2, 4, 5, 9 & T</p>	19,725	19,381	<p>Overall: 98.3%</p> <p>TPR: 98.7%</p>	<p>Fail A: 110 Fail B: 252 Fail C: 45</p>	<p>252 members, 402 less than last year, appear to be missing at least one year-end entry of CARE data. Some members failing this test joined the fund in March and may not have received payment in the scheme year of entry so may be genuine exceptions.</p> <p>There are 110 members without CARE data where some is expected, a reduction of 88 from 2021.</p> <p>45 members, a decrease of 65, have contribution entry recorded for year in which there are no CARE benefits recorded.</p> <p>This data is crucial to the calculation of member benefits and the employers with missing data should be reminded of the importance of providing this data as soon as possible. Annual Benefit statements cannot be processed without this information.</p>
<p>CARE Revaluation</p> <p><u>Eligible for Testing:</u> Revaluation Factor Table</p>			<p>Overall: 100%</p>	None	The revaluation table is present and correct.

2.4. HMRC

This category includes those values recorded as a result of the Finance Act 2004 as well as Pre A-Day limits.

A total number of 27,835 members qualified for one or more checks as part of the in-scope conditions under this category, an increase of 840 on 2021. The conditions within this category have been expanded for clarity and are detailed in Appendix B.

This category achieved a **99.0%** pass rate placing the category in the highest threshold. This pass rate is actually a decrease of 0.5% on 2021. The highest benchmark was achieved in 4 of the 7 categories. The BCE7 condition attaining a pass rate of 84.1% remained in lowest threshold, the pass rate however achieved an increase to the 2021 score of 78.6%.



Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
BCE 2 <u>Eligible for Testing:</u> Status 5 & T where Date Retired > 6/4/2006	6,014	5,870	Overall: 97.6% TPR: 97.6%	Fail A: 127 Fail B: 124 Fail C: 0	The number of fails in this category has increased by 123. 127 members have a crystallisation date that is either invalid or earlier than the date of leaving. 124 members have a blank PLA value. 108 members failed both test A and B. These tests are included in the TPR core results.
BCE 5 <u>Eligible for Testing:</u> Status 4 & T	11,955	11,952	Overall: 99.9% TPR: N/A	Fail A: 3	3 members with deferred benefits are over the age of 75.
BCE 6 <u>Eligible for Testing:</u> Status 5 & T members where Date Retired > 6/4/2006 and Age at Date Retired < 75	6,005	5,816	Overall: 96.9% TPR: 98.3%	Fail A: 126 Fail B: 101 Fail C: 0	107 members failed this test in 2021 but this has now increased to 189. 126 members have a crystallisation date that is either invalid or earlier than the date of leaving. 101 members do not have a PCLS recorded despite having a lump sum on the pension details. This test is included in the TPR core results.

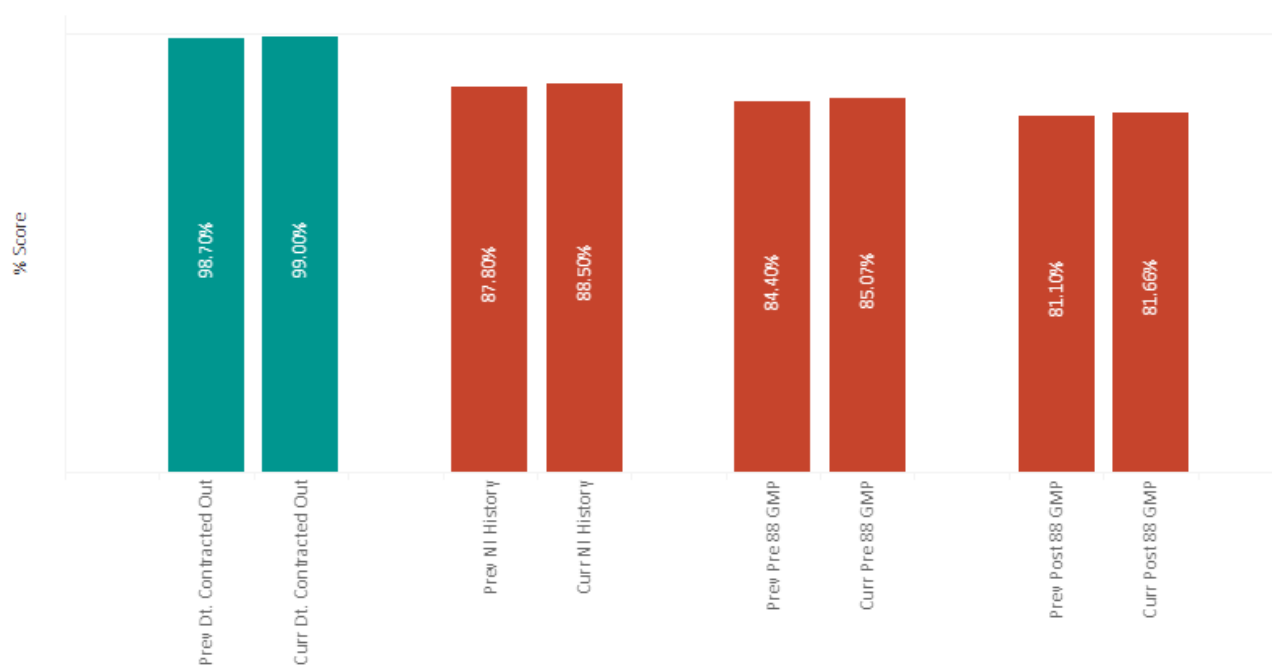
Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p>BCE 7</p> <p><u>Eligible for Testing:</u> Status 7 members where Date of Death (from Exit Details) is after 6/4/06 and within 5 years of Date Retired</p>	223	187	<p>Overall: 84.1%</p> <p>TPR: NA</p>	<p>Fail A: 36</p> <p>Fail B: 0</p>	<p>36 members have failed test in this condition, an increase on the 21 members to fail tests in 2021.</p> <p>36 members do not have a death grant recorded where one is expected.</p>
<p>BCE 8</p> <p><u>Eligible for Testing:</u> Status 3 members where Date Left is > 6/4/2006 and there is a value in QROPS Transfer Date</p>	5	5	<p>Overall: 100%</p> <p>TPR: N/A</p>	<p>Fail A: 0</p> <p>Fail B: 0</p> <p>Fail C: 0</p> <p>Fail D: 0</p>	<p>All members passed all tests as they did in 2021.</p>

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
Lifetime Allowance Charge Paid <u>Eligible for Testing:</u> Status 5 & T where Date Retired is after 6/4/2006 (ignoring members where Date, Amount & Indicator) are ticked in either Enhanced Protection or Payment of PCLS Reportable Events (Reportable Events 1 & 2 on Crystallisation screen)	6,000	6,000	Overall: 100% TPR: 100%	Fail A: 0	All members passed this test. 2 members failed this test in 2021.
Annual Allowance <u>Eligible for Testing:</u> Status 1 members	9,638	9,572	Overall: 99.4% TPR: 99.4%	Fail A: 66 Fail B: 0	45 members failed test in this condition in 2021. This has now increased to 66 and it should be noted that the tests were checking for PIP ending 05/04/2022. There are 66 active members without the latest AA data recorded that was processed by CPF. This test is included in the TPR core results.

2.5. Contracting Out

This category includes those data items required to meet scheme contracting out conditions.

A total number of 29,507 members qualified for one or more checks as part of the in-scope conditions under this category, an increase of 674 on 2021. This category achieved a **95.1%** pass rate. This pass rate 1.1% higher than in 2021. The highest individual score was achieved in the condition Date contracted out, where 99.0% of members passed. The remaining 3 categories in Contracting Out were benchmarked in the lowest threshold although all three are showing a slight improvement on 2021. Fails in this category are likely to have an impact on GMP Reconciliation and so should be resolved either in advance, or as part of the GMP Reconciliation process.



Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p>Date Contracted Out</p> <p><u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T members</p>	29,507	29,212	<p>Overall: 99.0%</p> <p>TPR: 99.0%</p>	<p>Fail A: 295 Fail B: 0 Fail C: 0</p>	<p>295 members have failed tests in this condition a decrease of 66 since 2021.</p> <p>295 member records have a blank date contracted out and joined prior to 06/04/2016. 147 are active / undecided leaver members, 128 are deferred and 20 are pensioners. This test is included in the TPR core results.</p>
<p>NI Contributions / Earnings History</p> <p><u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T members where NI-Table is not E and date contracted out is on or after 6/4/78 AND before 6/4/1997</p>	5,983	5,295	<p>Overall: 88.4%</p> <p>TPR: 90.1%</p>	<p>Fail A: 0 Fail B: 140 Fail C: 3667 Fail D: 773 Fail E: 560</p>	<p>688 members have failed tests in this condition. Fails C & D are excluded from the total fails and pass rate as individually they are not counted as fails in their own right.</p> <p>560 members have neither a full NI earnings history nor a GMP recorded (failed both C and D). This test is excluded from the TPR core results.</p> <p>140 members do not have values that correspond with period end dates. If there are GMP details for these members, the data will not be required. This test is excluded from the TPR core results.</p> <p>This data is key for the assessment and payment of benefits.</p>

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p>Pre 88 GMP</p> <p><u>Eligible for Testing:</u> Status 4, 5 & T members where Contract Out SSPA75 is before 6/4/88</p>	2,712	2,307	<p>Overall: 85.0%</p> <p>TPR: 85.0%</p>	<p>Fail A: 402 Fail B: 1 Fail C: 2</p>	<p>The number of members failing test has decreased by 37 resulting in an increase of 0.6%.</p> <p>402 members, that have left with pre-1988 service, are missing a GMP at exit.</p> <p>1 member has a Post 88 GMP that is greater than the Total GMP, whilst 2 members have a Pre 88 GMP that is not divisible by 52. These tests are included in the TPR core results.</p>
<p>Post 88 GMP</p> <p><u>Eligible for Testing:</u> Status 4, 5 & T members where Contract Out SSPA75 is before 6/4/97 and Date Left is after 6/5/1988</p>	5,420	4,426	<p>Overall: 81.6%</p> <p>TPR: 81.6%</p>	<p>Fail A: 913 Fail B: 992 Fail C: 1</p>	<p>The number of members failing test in this condition has reduced by 52 to 994.</p> <p>912 members are missing both a value for total GMP and post 88 GMP at exit. A further 80 are just missing a Post 88 GMP at exit but have a total GMP. 1 member has a Post 88 GMP that is not divisible by 52. These tests are included in the TPR core results.</p>

3 Data Correction Plan

The table below provides CPF with suggestions for resolving the issues identified in Section 2 and a suggested priority. This table is deliberately high-level as the detail and dates should be agreed once the results have been thoroughly reviewed.

Data Category	Recommendation	Suggested Priority
Member Benefits	<ul style="list-style-type: none"> • Investigate and correct Divorce Details cases • Investigate incomplete transfer in data with a high priority as benefits may be incorrect • Correct the 8 members with incorrect AVC details at the highest priority as benefits may be incorrect • Correct the 148 issues with deferred benefit cases prior to running deferred annual benefit statements • Investigate the 96 defects in pension benefits • Investigate the 9 dependent pensioner cases • Investigate all cases where the latest PI does not appear to have been applied 	<ul style="list-style-type: none"> • High • High • Very High • High • High • High • Very High
Member Detail	<ul style="list-style-type: none"> • Investigate the 86 cases with either an unexplained date of leaving present or a missing date of leaving • Investigate the 58 cases with an incorrect date for when they joined the scheme • Investigate the 9 cases with missing employer details • Investigate the 1,243 final salary pay issues prior to running annual benefit statements • Investigate the 10 leaver cases where the date of leaving is either blank or incorrect 	<ul style="list-style-type: none"> • Low • Very High • High • High • High

	<ul style="list-style-type: none"> Investigate the cases with missing contributions prior to running annual benefit statements Investigate the 37 members missing service history 	<ul style="list-style-type: none"> High High
CARE Data	<ul style="list-style-type: none"> Investigate all data issues in this category by status prior to running annual benefit statements for that status. Pensioners should be investigated as soon as possible to ensure correct benefits are in payment 	<ul style="list-style-type: none"> Very High
HMRC	<ul style="list-style-type: none"> Review criteria for testing HMRC data and ensure that current processes populate this data correctly in Altair Investigate the 144 incorrect crystallisation dates and amounts Investigate the 3 missing PCLS amounts Investigate the 36 cases with missing death grant data Investigate the 66 cases missing annual allowance data 	<ul style="list-style-type: none"> Medium Medium Medium High High
Contracting Out	<ul style="list-style-type: none"> Investigate the 295 cases with incorrect date contracted out data Investigate missing and incorrect data for NI contributions and earnings history Review and update GMP values in conjunction with the GMP Reconciliation process Obtain and upload GMP figures for the members with missing data as a high priority 	<ul style="list-style-type: none"> Medium Medium Medium High

4 Appendices

4.1. Appendix A – TPR Guide

4.1.1. Member Benefits

Data Field	Status Tested	TPR Comment
Pension Sharing Details	Active, Deferred, Pensioner	If a member has had a pension sharing order, check that full details of the benefits transferred to the ex-spouse/ex-civil partner are present.
Transfer In Details	Active, Deferred, Pensioner	If benefits have been transferred in, check that all relevant details are recorded. This will include (as a minimum) the details of the previous scheme, the amount of the transfer value (split between protected rights and non protected rights and, if relevant, split between the amount received in respect of the member and employer contributions and AVCs), benefits secured, (if relevant) contracting out details.
AVC Details	Active, Deferred, Pensioner	Check that there is a history of any AVCs paid, type of investment, current provider, and (if relevant) benefits being secured
Total Original Deferred Benefit	Deferred	Check that total original deferred benefit is present (either derived or explicit).

Data Field	Status Tested	TPR Comment
Tranches of Original Deferred Benefit	Deferred	Check that there is a breakdown of the various tranches of the total deferred benefit. This must identify tranches with different rates of increases either in deferment or in payment, and tranches with different contingent spouse's/civil partner's benefits. Likely to include such items as pre/post 1997 splits, pre/post 2005 splits, Barber splits, VFM underpin etc. Details of the date at that any tranche is payable, if different from the scheme's normal retirement date, will also be required. The sum of the individual components must equal any total deferred pension that is recorded on the system.
Total Gross Pension	Pensioner	Check that a total pension is present (either derived or explicit).
Tranches of Pension	Pensioner	Check that there is a breakdown of the various tranches of the total pension, identifying tranches with different rates of increase and contingent spouse's/civil partner's benefits. The sum of the individual components must equal any total pension that is recorded on the system.

4.1.2. Member Details

Data Field	Status Tested	TPR Comment
Date of Leaving	Deferred, Pensioner	For trust-based schemes, check that member has a date of leaving that is after date joined
Date Joined Scheme	Active, Deferred	Check that the date joined scheme is present, later than date of birth, and not earlier than date joined company. False dates should be classed as missing data.
Date joined employing company	Active, Deferred	For members of multi-employer schemes check that date joined employing company is present and is later than date of birth. False dates should be classed as missing data.

Data Field	Status Tested	TPR Comment
Salary	Active, Deferred	Check that there is at least one relevant salary within the last 12 months of membership.
Salary History	Active, Deferred	Check that a relevant salary exists for each of the last 5 renewal periods of membership and is greater than £0.50.
Contributions	Pensioner	For contributory schemes check that there is a contribution amount present for each year of active membership, or that a contribution total is present.
Date of leaving (date pensionable service ended)/ date last premium/contribution paid	Deferred, Pensioner	For trust-based schemes check that member has a date of leaving which is after date joined scheme, and that member status is not active if date of leaving is present.

4.1.3. CARE Data

Data Field	Status Tested	TPR Comment
Date of Leaving	Deferred, Pensioner	For trust-based schemes, check that member has a date of leaving that is after date joined
Date Joined Scheme	Active, Deferred	Check that the date joined scheme is present, later than date of birth, and not earlier than date joined company. False dates should be classed as missing data.

4.1.4. HMRC

Data Field	Status Tested	TPR Comment
Benefit Crystallisation Event Details	Active, Deferred, Pensioner	Check that full details of the dates and amounts paid at each benefit crystallisation event, including details of LTA percentage used, are present.
Lifetime Allowance Charge Paid	Pensioner	Check that the date and amount of any lifetime allowance charge paid is present.

4.1.5. Contracting Out

Data Field	Status Tested	TPR Comment
Date Contracted Out	Active, Deferred, Pensioner	Check that this is present and not earlier than 06/04/1978.
N.I. History (Contracted Out earnings & contributions)	Active, Deferred, Pensioner	Check that members have a full contracted-out history during any period contracted out on a GMP basis. A verified GMP, agreed with NISPI, would be an acceptable alternative. Not required for reduced rate females.
Pre 88 GMP	Deferred, Pensioner	Check that a member with at least one month of pre 4/88 contracted out service has a pre 88 GMP. GMP must be divisible by 52. May be derived if total GMP and post 4/88 GMP are recorded.
Post 88 GMP	Deferred, Pensioner	Check that a member with at least one month of post 4/88 service contracted out on a GMP basis has a post 88 GMP. Can be derived or explicit.

4.2. Appendix B – Benefit Crystallisation Events

Event	Description
BCE2	Where a member becomes entitled to a scheme pension, whether from a defined benefits arrangement or a money purchase arrangement.
BCE5	Test the level of entitlements not taken by a member at age 75 under a defined benefits arrangement, by measure of the level of benefits that would come into payment at that time, if drawn.
BCE6	<p>A lifetime allowance test is triggered through BCE6 whenever a member becomes entitled under a registered pension scheme to:</p> <ul style="list-style-type: none"> • A pension commencement lump sum paid before age 75, when uncrystallised benefits are drawn under an arrangement • A serious ill health lump sum paid before age 75, where the individual falls into serious ill health • A lifetime allowance excess lump sum where a chargeable amount has been identified because the individual's lifetime allowance has been fully used up.
BCE7	Where a relevant lump sum death benefit is paid on the death of the member.
BCE8	Where a member's benefits or rights are transferred to a qualifying recognised overseas pension scheme.

4.3. Appendix C - Conditions and Fail Criteria

4.3.1. Member Benefits

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
Divorce Details <u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T with a pension sharing record present	Initial pension value (DVC-TOTINI) is missing	Calculation date (DVC-CALDTE) is blank or before 01/12/2000	Payment Date (DVC-PAYDTE) is blank or before 01/12/2000	Pension credit amount (DVC-TVAMT) is blank or 0)	Pension debit amount (DVC-CONAMT) is blank or 0	Percentage split (DVC-PCSPLT) is blank, 0 or over 100
Tested: 9	Failed: 0	Failed: 0	Failed: 2	Failed: 0	Failed: 3	Failed: 0

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p>Transfer In Details 1</p> <p><u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T with a transfer details record present</p>	<p>Date received (ADD-TV-DT) is blank or 0 or before 01/01/1900</p> <p><i>*Only Actives (1), undecided leavers (2) and deferred (4) are counted for the TPR results</i></p>	<p>Transfer Value is blank or 0 (ADD-TV) Interfund (ADD-TYPE = 'INTERFND') transfers received pre accrual change date for England and Wales funds (pre end of final salary accrual for Scotland and NI) that credited (ADD-BS-CR) less than 183 days service</p> <p><i>*Only Actives (1), undecided leavers (2) and deferred (4) are counted for the TPR results</i></p>	<p>Bank Service Credit (ADD-BD-CR) and retained pension (ADD-RETP) are both blank or 0</p> <p><i>*Transfers with no back service credit (ADD-BS-CR) = 0 or blank are excluded</i></p> <p><i>*This test is excluded from the TPR results</i></p>	<p>Bank service credit (ADD-BS-CR) is present but service history does not have entry starting (HIST-START) on the same date as previous scheme from (ADD-FROM)</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>Type (ADD-TYPE) is not valid ie CLUB, INTERFND, NON CLUB, PERSONAL, RESTITUTIO or some have INTRAFND</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>Date TV Received blank, invalid or < date joined fund (DJF)</p> <p><i>*This test is excluded from the TPR results</i></p>
Tested: 2,668	Failed: 169	Failed: 30	Failed: 684	Failed: 201	Failed: 11	Failed: 169

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
Transfer In Details 2 <u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T where transfer In details exist	Previous scheme name (ADD-PR-SCH) and previous employer (ADD-PR-EMP) are both blank <i>*This test is excluded from the TPR results</i>					
Tested: 2,668	Failed: 94					
AVC Details <u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T where AVC details exist	Contract start date (AVC-START) is blank or invalid (incl. on or before 01/01/1900) <i>*Only Actives (1), undecided leavers (2) and deferred (4) are counted for the TPR results</i>	Contract end date (AVC-TE-DUE) is blank, invalid (incl. on or before 01/01/1900) or prior to the start date (AVC-START) <i>*This test is excluded from the TPR results</i>	If the contract type (AVC-TYPE) is an added years type (A, B, G, L, P, R, S) but the added years amount (AVC-ADDY) is blank or zero <i>*Only Actives (1), undecided leavers (2) and deferred (4) are counted for the TPR results</i>	If the contract type (AVC-TYPE) is an added pension (H, M) but the bought pension amount (AVC-P75T) is blank or zero, or greater than or equal to the scheme maximum <i>*Only Actives (1), undecided leavers (2) and deferred (4) are counted for the TPR results</i>		
Tested: 830	Failed: 0	Failed: 0	Failed: 2	Failed: 6		

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p>Total Original Deferred Benefit</p> <p><u>Eligible for Testing:</u> Status 4</p>	No value in Initial Pension (DEF-TOT-IP)	<p>The value in Initial Pension is between £0.01 and a small figure (default of £1.00) agreed with customer</p> <p><i>*This test is excluded from the TPR results</i></p>	No value in total current pension (DEF-TOT-CP)	<p>The value in total current Pension is between £0.01 and a small figure (default of £1.00) agreed with customer</p> <p><i>*This test is excluded from the TPR results</i></p>	PI date (DEF-INC-DT) must be present and later than date joined fund (DJF)	<p>First entry of PI calculated date (DEF-PI-DT[1]) is missing is prior to the scheme's last PI date</p> <p><i>*This test is excluded from the TPR results</i></p>
Tested: 11,955	Failed: 2	Failed: 10	Failed: 2	Failed: 11	Failed: 4	Failed: 35

<p>Tranches of Original Deferred Benefit</p> <p><u>Eligible for Testing:</u> Status 4</p>	<p>Member has no 'PEN' tranche (DEF-TYPE) or has one with a value less than or equal to a small figure (default of £1.00) agreed with customer. (including negative values)</p>	<p>'PEN' + 'UPEN' + 'TAPE' does not equal Total Initial Pension</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>An employment with service between accrual rate change and end of final salary with a value less than or equal to a small figure (default of £1.00) agreed with customer (DEF-I-PEN) PN60 (DEF-TYPE) pension component.</p> <p><i>*Excluded - Councillor members (CLASS = 'CM') (in England/Wales sites only) or Pension Credit (CLASS = 'PC'). Members whose service dates (either from DJF to DATE-LEFT) or on service history (with SERV-TYPE = 'L') do not span the period from accrual change to end of final salary (01/04/2008 to 31/03/2014 in</i></p>	<p>Member with post 31/03/2014 (15 S&NI) service has no 'CARE' tranche or has one with a value less than or equal to a small figure (default of £1.00) agreed with customer</p> <p><i>*Excluded - Councillor members (CLASS = 'CM') (in England/Wales sites only) or Pension Credit (CLASS = 'PC'). Members whose date of leaving (DATE-LEFT) is pre final salary end date.</i></p>	<p>Member with 50/50 CARE tranche (CARE-BNCDE = 'LGPS5050' Or 'TVINLG50') has no corresponding pension component (DEF-TYPE = 'CP50') or one with a value (DEF-I-PEN) less than or equal to a small figure (default of £1.00) agreed with customer</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>Member with pre FS accrual change service has no 'RA' tranche or has one with a value less than or equal to a small figure (default of £1.00) agreed with customer</p> <p><i>*Excluded- Pension Credit (CLASS = 'PC') or members whose date of joining (DJF) and any service history line that starts (HIST-START) after the FS accrual rate change date</i></p> <p><i>*This test is excluded from the TPR results</i></p>
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Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
			<i>England and Wales)</i>			
Tested: 11,955	Failed: 13	Failed: 23	Failed: 34	Failed: 30	Failed: 4	Failed: 13
Total Gross Pension <u>Eligible for Testing:</u> Status 5 & T	No value in Initial Pension (PEN-TOT-IP)	The value in Initial Pension is between £0.01 and a small figure (default of £1.00) agreed with customer <i>*This test is excluded from the TPR results</i>	No value in total current pension (PEN-TOT-C)	The value in total current Pension is between £0.01 and a small figure (default of £1.00) agreed with customer <i>*This test is excluded from the TPR results</i>	PI date (PEN-INC-DT) must be present and later than DJF	
Tested: 7,993	Failed: 0	Failed: 0	Failed: 0	Failed: 0	Failed: 5	

<p>Tranches of Pension</p> <p><u>Eligible for Testing:</u> Status 5 & T</p>	<p>'PEN' tranche (PEN-TYPE) has a value less than or equal to a small figure (default of £1.00) agreed with customer</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>Member with service between 01/04/2008 (09 S&NI) and 31/03/2014 (15 S&NI) has no 'PN60' tranche or has one with a value less than or equal to a small figure (default of £1.00) agreed with customer</p> <p><i>*Excluded - Councillor members (CLASS = 'CM') (in England/Wales sites only) or Pension Credit (CLASS = 'PC'). Or Members whose service history periods (with SERV-TYPE = 'L') do not span the period from accrual change to end of final salary (01/04/2008 to 31/03/2014 in England and Wales)</i></p>	<p>Member with post 31/03/2014 (15 S&NI) service has no 'CARE' tranche or has one with a value less than or equal to a small figure (default of £1.00) agreed with customer</p> <p><i>*Excluded - Councillor members (CLASS = 'CM') (in England/Wales sites only) or Pension Credit (CLASS = 'PC'). Or members whose date of leaving (DATE-LEFT) is pre final salary end date.</i></p>	<p>Member with CARE5050 or TVINLG50 CARE data has no 'CP50' tranche or has one with a value less than or equal to a small figure (default of £1.00) agreed with customer</p>	<p>First entry of PI calculated date (PEN-PI-DT[1]) is missing or is prior to the scheme's last PI date (or if the first component is 'GMP' and the PI calculated date is missing or prior to the 6th April prior to the last PI date)</p> <p><i>*Excluded - employments with a date left following the scheme's last PI date or those with a an 'X' PI Marker (PEN-PI-MKR)</i></p>	<p>The first pension component on the list must be either 'PEN' or 'GMP'</p> <p><i>*This test is excluded from the TPR results</i></p>
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Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
Tested: 7,993	Failed: 0	Failed: 1	Failed: 62	Failed: 1	Failed: 4	Failed: 24
Total Gross Dependant Pension <u>Eligible for Testing:</u> Status 6	No value in Initial Pension (DEP-TOT-IP)	The value in Initial Pension is between £0.01 and a small figure (default of £1.00) agreed with customer <i>*This test is excluded from the TPR results</i>	No value in total current pension (DEP-TOT-C)	The value in total current Pension is between £0.01 and a small figure (default of £1.00) agreed with customer <i>*This test is excluded from the TPR results</i>	PI date (DEP-INC-DT) must be present	
Tested: 1,161	Failed: 1	Failed: 0	Failed: 1	Failed: 0	Failed: 1	
Tranches of Dependant Pension <u>Eligible for Testing:</u> Status 6	'PEN' tranche (DEP-TYPE) has a value less than or equal to a small figure (default of £1.00) agreed with customer	Last PI date (DEP-PI-DT) is earlier than last PI date processed by customer <i>*This test is excluded from the TPR results</i>				
Tested: 1,161	Failed: 0	Failed: 6				

4.3.2. Member Details

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
Date of Leaving <u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T	A non-Status 1 member has a blank entry or an invalid date in Date Left (DATE-LEFT)	Date Joined Fund (DJF) is either blank or earlier than or equal to 1/1/1900	Date Joined Fund is later than or equal to Date Left if Date Left present	Date left is present for a status 1 member who does not have a previous status of 4 or 9 <i>*This test is excluded from the TPR results</i>		
Tested: 35,620	Failed: 19	Failed: 0	Failed: 41	Failed: 26		
Date Joined Scheme <u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T	Any of Date Joined Scheme (DJF), Date of Birth (DOB) and/or Date commenced current service (DCCPS) Joined Fund are either blank or earlier than or equal to 1/1/1900	Date Joined Fund (DJF) is earlier or equal to Date of Birth (DOB) plus 15 years <i>*This test is excluded from the TPR results</i>				
Tested: 32,620	Failed: 58	Failed: 0				

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
Employer Details <u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T	Location (LOCATION) is blank	Date Joined employer (DT-JOIN-EM) is either blank or earlier than or equal to 1/1/1900	Date Joined employer must be earlier than date of birth (DOB) plus 15 years <i>*This test is excluded from the TPR results</i>	Employment type (CLASS) is blank <i>*This test is excluded from the TPR results</i>		
Tested: 32,620	Failed: 0	Failed: 9	Failed: 0	Failed: 0		
Salary (Final Salary members) <u>Eligible for Testing:</u> Status 1, 2, 4, 5, 9 & T	A member with pre-01/04/2014 (2015 in S&NI) service has an invalid or blank date in the latest instance of Pensionable remuneration (PEN-REM)	For non-status 1 or 2 members, the latest instance of Pensionable remuneration does not equal the member's DATE-LEFT <i>*This test is excluded from the TPR results</i>	The latest instance of Pensionable remuneration contains a valid date (PEN-REM-DT) but there is no corresponding amount <i>*This test is excluded from the TPR results</i>	Status 4 member does not have a value in DEF-PENREM or a value less than a small figure (default of £1.00) agreed with customer <i>*This test is excluded from the TPR results</i>	Status 5 or T member does not have a value in PEN-PS-REM or a value less than a small figure (default of £1.00) agreed with customer <i>*This test is excluded from the TPR results</i>	For status 1 members the latest pensionable remuneration date must be equal to or later than the customer's last posting date <i>*This test is excluded from the TPR results</i>
Tested: 21,305	Failed: 533	Failed: 417	Failed: 23	Failed: 222	Failed: 144	Failed: 114

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
Contributions <u>Eligible for Testing:</u> Status 1, 2, 4, 5, 9 & T	Total Paid Including Interest (TCI-TOTAL) is blank or less than a small figure (default of £1.00) agreed with customer. <i>*This test is excluded from the TPR results</i>	For status 1 members the latest date must be equal to or later than the customer's last posting date and have a corresponding figure <i>*This test is excluded from the TPR results</i>				
Tested: 15,647	Failed: 374	Failed: 217				
Leavers <u>Eligible for Testing:</u> Status 4, 5, 9 & T	Date Left (DATE-LEFT) is either blank or is earlier than or equal to 1/1/1900	Date Joined Scheme (DJF) is either blank or is earlier than or equal to 1/1/1900	Date Left is earlier than Date Joined Scheme <i>*This test is excluded from the TPR results</i>			
Tested: 22,724	Failed: 10	Failed: 0	Failed: 0			

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
Service <u>Eligible for Testing:</u> Status 1, 2, 4, 5, 9 & T	If DCCPS > DJF, and DJF < 01/04/2014(15 S&NI)), service history must be present <i>*This test is excluded from the TPR results</i>					
Tested: 35,620	Failed: 37					

4.3.3. CARE Benefits

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p>CARE Data</p> <p><u>Eligible for Testing:</u> All status 1 and status 2, 4, 5, 9 & T where Date Left is after 31/03/14 (31/03/15 in S&NI)</p>	<p>If member has post-31/03/2014 (2015 in S&NI) service, then at least one of LGPSMAIN or LGPS5050 must be present if the member joined before the start of the current scheme year</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>Every 31/03 from later of DJF or 2015 (2016 in S&NI) to earlier of date-left or current date must be present as an end date on at least one of LGPSMAIN, LGPS5050, TVINLGMN or TVINLG50</p>	<p>If contributions at any 31/03 from later of DJF or 2015 (2016 in S&NI) to earlier of date-left or current date are > 0, there must be an entry on at least one of LGPSMAIN or LGPS5050 for the same date with a pay figure > 0</p> <p><i>*This test is excluded from the TPR results</i></p>			
Tested: 19,725	Failed: 110	Failed: 252	Failed: 45			
<p>CARE Revaluation</p> <p><u>Eligible for Testing:</u> Revaluation Factor Table</p>	<p>Every 31/03 from 2015 (2016 in S&NI) to date must be present on factor table 000/B/00/684/2014/01012012</p>					

4.3.4. HMRC

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p>BCE2</p> <p><u>Eligible for Testing:</u> Status 5 & T where Date Retired > 6/4/2006</p>	<p>Crystallisation Date (CRYS-CRYSYD) is not a valid date or is earlier than date left</p>	<p>PLA Value (CRYS-PLA) is blank</p>	<p>PLA% (CRYS-PLAPC) is blank</p> <p><i>*This test is excluded from the TPR results</i></p>			
Tested: 6,014	Failed: 127	Failed: 124	Failed: 0			
<p>BCE5</p> <p><u>Eligible for Testing:</u> Status 4 & T</p>	<p>Any member of these deferred statuses where the member is over the age of 75</p> <p><i>*This test is excluded from the TPR results</i></p>					
Tested: 11,955	Failed: 3					

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p>BCE6</p> <p><u>Eligible for Testing:</u> Status 5 & T where Date Retired > 6/4/2006 and Age at Date Retired < 75</p>	<p>Crystallisation Date is not a valid date (CRYS-PPD) or is earlier than date left</p> <p><i>*This test is excluded from the TPR results as they are included in BCE2</i></p>	<p>PCLS amount (CRYS-PPA) is blank if PEN-TOT-AL is > zero</p>	<p>There is a date in Serious Ill Health Lump Sum Payment (CRYS-ILLD) but no corresponding amount (CRYS-ILLA) OR There is an amount in Serious Ill Health Lump Payment but no corresponding date</p> <p><i>*This test is excluded from the TPR results</i></p>			
<p>Tested: 6,005</p>	<p>Failed: 126</p>	<p>Failed: 101</p>	<p>Failed: 0</p>			

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p>BCE7</p> <p><u>Eligible for Testing:</u> Status 7 where Date of Death (from Exit Details) is after 6/4/06 and within 5 years of Date Retired</p>	<p>Total death grant (CDTC-TOTLS) is blank (To be checked in first run and removed if deemed not relevant.)</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>There is a value >0 in Total death grant but one or more of the following fields is blank or 0: Crystallised Value at Date of Death (CDTC-CVAL) Crystallised % Value at Date of Death (CDTV-CVALP)</p> <p><i>*This test is excluded from the TPR results</i></p>				
Tested: 223	Failed: 36	Failed: 0				
<p>BCE8</p> <p><u>Eligible for Testing:</u> Status 7 where Date of Death (from Exit Details) is after 6/4/06 and within 5 years of Date Retired</p>	<p>QROPS Transfer Date (CRYS-TFRD) is not a valid date or is earlier than date left</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>QROPS Transfer Amount (CRYS-TFRA) is blank</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>Date of Birth (DOB) is not a valid date</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>Age at QROPS Transfer Date is over 75</p> <p><i>*This test is excluded from the TPR results</i></p>		
Tested: 5	Failed: 0	Failed: 0	Failed: 0	Failed: 0		

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p>Lifetime Allowance Charge Paid</p> <p><u>Eligible for Testing:</u> Status 5 & T where Date Retired is after 6/4/2006 (ignoring members where Date, Amount & Indicator) are ticked in either Enhanced Protection or Payment of PCLS Reportable Events (Reportable Events 1 & 2 on Crystallisation screen)</p>	<p>Value in Used PLA% (CRYS-TPPC) is greater than 100% and there is no value in any of LTA Charge (CRYS-LTACH), 25% LTA Charge (CRYS-LTA25) or 55% LTA Charge (CRYS-LTA55)</p>					
Tested: 6,000	Failed: 0					

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p>Annual Allowance</p> <p><u>Eligible for Testing:</u> Status 1</p>	<p>Latest annual allowance PIP end date is earlier than the latest run by the customer</p>	<p>If a scheme pays indicator is ticked, the scheme pays amount is not present OR a scheme pays amount is present, but the scheme pays indicator is not ticked</p> <p><i>*This test is excluded from the TPR results</i></p>				
<p>Tested: 9,638</p>	<p>Failed: 58</p>	<p>Failed: 0</p>				

4.3.5. Contracting Out

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p>Date Contracted Out</p> <p><u>Eligible for Testing:</u> Current Status is 1,2,4,5 or T, Member is not a pension credit member (employment type 'PC' excluded), and member does not have a reduced NI indicator (RED-NI) of X, Y or N</p>	Contract-Out SSPA75 is blank, and DJF is prior to 6/4/16	Contract-Out SSPA75 is prior to 6/4/78	The date in Contract-Out SSPA75 is later than 5/4/16			
Tested: 29,507	Failed: 295	Failed: 0	Failed: 0			

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p>NI Contributions/ Earnings History</p> <p><u>Eligible for Testing:</u> Current Status is 4 or 5, with date contracted out between 6/4/78 and 5/4/97. Member is not a pension credit member (employment type 'PC' excluded), and member does not have a reduced NI indicator (RED-NI) of X, Y or N, and NI Table (NI-TABLE) code is not 'E'</p>	<p>A Status 4 member is missing Date Left Active Service, or a Status 5 member is missing both Date Left Active Service and Date of Retirement</p>	<p>For one or more of the Period End Dates, there is not a corresponding value in Amount</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>There is not a separate entry in Period End Date (NI) for each April 5th between Date Contracted Out and 5/4/97 (or Date Left/Date Ret if earlier for Status 4 & 5 respectively) (non-reportable – see fail E)</p>	<p>GMP is not present on the NI details for status 1 and 2 and on GMP details for status 4, 5 & T (non-reportable – see fail E)</p>	<p>Fail C and Fail D both occurred</p>	
<p>Tested: 5,983</p>	<p>Failed: 0</p>	<p>Failed: 140</p>	<p>Failed: 3,677</p>	<p>Failed: 773</p>	<p>Failed: 560</p>	

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p>Pre 88 GMP</p> <p><u>Eligible for Testing:</u> Current Status is 4,5 or T, Date of leaving (DATE-LEFT) post 05/04/1988 and date of contracting out is prior to 06/04/1997, Member is not a pension credit member (employment type 'PC' excluded), and member does not have a reduced NI indicator (RED-NI) of X, Y or N</p>	There is no value provided for total GMP at exit	Deducting Post 88 GMP at Exit from Total GMP at Exit results in a negative number	The result of deducting Post 88 GMP at Exit from Total GMP at Exit is not divisible by 52.			
Tested: 2,712	Failed: 402	Failed: 1	Failed: 2			

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p>Post 88 GMP</p> <p><u>Eligible for Testing:</u> Current Status is 4,5 or T, Date of leaving (DATE-LEFT) post 06/04/1978 and date of contracting out is prior to 06/04/1988, Member is not a pension credit member (employment type 'PC' excluded), and member does not have a reduced NI indicator (RED-NI) of X, Y or N</p>	There is no value provided for total GMP at exit	There is no value provided for Post 88 GMP at Exit	Post 88 GMP at Exit is not divisible by 52			
Tested: 5,420	Failed: 916	Failed: 992	Failed: 1			

REPORT TO:	Pension Committee 6 December 2022
SUBJECT:	Review of Risk Register
LEAD OFFICER:	Matthew Hallett, Acting Head of Pensions and Treasury
CORPORATE PRIORITY/POLICY CONTEXT: Sound Financial Management: This report forms an important component of the governance arrangements for the stewardship of the Pension Fund.	
FINANCIAL SUMMARY: Financial risks relating to the Pension Fund are substantial and can impact on the General Fund of the Council.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1.	RECOMMENDATION
1.1	The Committee is asked to note the contents of the Pension Fund Risk Register and to comment as appropriate.

2. EXECUTIVE SUMMARY

- 2.1 It is recommended best practice for the Pension Committee to maintain a risk register covering the most significant risks faced by the Fund. This report presents the current register (Appendix A) for the Committee's consideration.

3. DETAIL

- 3.1 Best practice recommends that a risk register is maintained by the Pension Committee recording relevant risk scenarios, together with an assessment of their likelihood and impact and appropriate mitigations. This report discusses the most significant risks relating to governance, funding, assets and liabilities and operational matters. Appendix A details these risks.

- 3.2 The Committee is invited to comment on whether it considers this list sufficiently exhaustive and whether the assessment of each risk matches its perception on the adequacy of existing and future controls.
- 3.3 In accordance with the Risk Management Policy, the Risk Register is reviewed periodically and reported to the Committee on a quarterly basis.
- 3.4 Risks are rated on a scale of 1 to 5 on the likelihood of the risk occurring and its impact if it does. This allows a range of potential scores of between 1 and 25. The register shows that there are 17 risks on the main register with 13 being significant risks for the Fund (i.e. scored 10 or higher). With all of the planned future controls in place, the significant risks could be reduced to 4.

The risk register is attached as Appendix A.

- 3.5 Since the Committee last reviewed the Register there have been no amendments to the register.
- 3.6 The Committee is asked to note the contents of the Pension Fund Risk Register and to comment as appropriate.

4. CONSULTATION

- 4.1 Officers have previously consulted with both the Pension Committee and Local Pension Board on the template for the Risk Register which forms the basis of Appendix A.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 There are no direct financial considerations arising from this report. This report addresses risk

Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

6. LEGAL CONSIDERATIONS

- 6.1 Burges Salmon LLP (a legal advisor appointed to the Pension Fund) note there are no direct legal implications arising from the recommendations within this report.

7. HUMAN RESOURCES IMPACT

7.1 There are no direct workforce implications arising from the recommendations within this report.

Approved by: Gillian Bevan, Head of HR, Resources and Assistant Chief Executives on behalf of the Chief People Officer.

8. EQUALITIES IMPACT

8.1 There are no equality implications arising from this report.

Approved by: Denise McCausland – Equality Programme Manager

9. ENVIRONMENTAL IMPACT

9.1 There are no environmental impacts arising from this report.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no crime and disorder impacts arising from this report.

11. DATA PROTECTION IMPLICATIONS

11.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

NO

Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

CONTACT OFFICER:

Matthew Hallett, Acting Head of Pensions and Treasury

BACKGROUND DOCUMENTS:

None

APPENDIX:

Appendix A: Risk Register

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Pensions Risk Register

Risk Scenario		Current Risk Rating			Future controls		Future Risk Rating		
Risk	Type	Existing Controls	Impact	Likelihood	Risk factor		Impact	Likelihood	Risk Factor
1	If other scheme employers cease trading or operating for any reason the Scheme Actuary will calculate a cessation valuation of their liabilities. If that employer cannot meet that liability the Council has to make good the shortfall.	Governance Risks Employers contributions are monitored on a monthly basis. Council officers rely on good communications to identify any problems at the earliest stage. The range of remedies includes reporting to The Pensions Regulator, involving other statutory bodies, such as the Education Funding Agency, up to court enforcement action.	3	4	12	Admission, Cessation and Bulk Transfers Policies were agreed by the Committee at their meeting of 3 December 2021 which will mitigate the risk. The Fund puts measures in place such as bonds and parent company guarantees or reduces the funding time horizon to reduce the impact resulting from employer failures. These areas will be reviewed as part of the triennial valuation.	2	3	6
2	The Fund's invested assets are not sufficient to meet its current or future liabilities.	Funding - Assets and Liabilities Risks A formal actuarial valuation is carried out every three years, although the Government have consulted on changing this to every 4 years. This results in a Funding Strategy Statement which is regularly reviewed to ensure contribution rates and the investment strategy are set to meet the long term solvency of the Fund. The Scheme Actuary's view is that there is a 75% chance that the funding target will be achieved. The current Strategy was agreed by the Committee on 17 March 2020 with updates being agreed at the Committee meeting on 25 May 2021. The Fund is current carrying out the March 22 valuation which has indicated an improvement in the funding level.	4	3	12	Officers are looking at ways of monitoring the funding level on a more frequent basis rather than waiting for a full valuation every three years, although this needs to be done efficiently and in a cost effective manner. Officers will work with the Actuary to seek a cost efficient way of estimating changes to the funding level.	4	2	8
3	Liquidity risk - A third of the Fund is held in illiquid investments. This means there is a risk that the authority might find itself with insufficient cash to meet short term and medium term liabilities without having to disinvest and thus damage the prospects of generating adequate investment returns.	Funding - Assets and Liabilities Risks The Fund's contribution income is currently enough to cover the short term liabilities. This is kept under constant review. The amount of cash held by the fund has increased to 2% of the Fund to mitigate this risk.	3	2	6	The illiquid assets are reaching a point where distributions are higher than calls, so are generating cash. Further commitments to investments will be put on hold until a medium term cash projection has been completed.	3	2	6
4	There is a possible risk of scheduled or admitted bodies not paying over contributions, which involves the administering authority in incurring unnecessary costs.	Funding - Assets and Liabilities Risks The authority has retained legal advisors to mitigate this risk, possibly through legal channels. There is one significant case, in terms of contributions due, which is currently being considered by the Pensions Ombudsman.	3	5	15	A structured process has been introduced to monitor receipts of contributions. Contributions and schedules are chased promptly and reconciled. Improved team communications is aiding in this process. which is monitored by the Pensions Board. These measures are improving outcomes. However, they require more time to administer and resources across the governance and accounts teams are impacted. Additional staffing is in the process of being secured.	3	2	6

6	There is a risk that, under any set of circumstances, an assets will will underperform. The Fund has a significant allocation to several single asset categories - for example, equities, fixed interest, property or alternatives - which potentially leaves the Fund exposed to the possibility that a particular class of assets will underperform relative to expectation.	Investment Risks	The investment allocation mix is in a variety of uncorrelated investments designed to give a diverse portfolio, meaning any one investment class should not unduly impact on the performance of the overall portfolio if it underperforms relative to expectation.	3	3	9	Officers with the help of the Fund's Investment Adviser will continue to assess the asset mix of the Fund to ensure it continues to meet the required returns.	3	2	6
7	The London CIV has been experiencing problems recruiting to key roles, including to the Chief Investment Officer vacancy. This raises a number of concerns, including: fund launches; progress on the ESG project; and expanded permissions from the FCA. This latter point relates to their ability to transition funds.	Investment Risks	Recruitment has inevitably been impacted by the lockdown but the CIV has now filled a number of key roles. This provides a degree of reassurance that fund launches and key projects should be able to proceed according to plan.	4	2	8	As the CIV becomes more established recruitment issues should become less significant.	4	2	8
8	Specific macro-economic risks are addressed below but there is a more general, underlying risk of a global collapse in investment markets. The markets have experienced a continuous sequence of such events: Latin American sovereign debt; Black Friday crash; the Dot.com bubble; sub-prime, credit crunch and the Coronavirus pandemic. Other crises are inevitable.	Global Macro-economic Risks	The discount rate assumption is reviewed at every valuation to ensure it gives appropriate views on future return expectations. The Fund is also well-diversified which provides a degree of protection. The diversified nature of the Fund meant that the Fund was well protected during the Coronavirus pandemic.	4	3	12	The asset allocation strategy will be revised during 2022/2023. Consultations with the Fund's Investment Adviser are ongoing to ensure that, so far as possible, the Fund remains conscious of these risks and is taking reasonable precautions.	4	3	12
12	Cyber Security – Risk to systems including by system failure, ineffective business continuity plan and lack of adequate monitoring arrangements for third party suppliers. If adequate protections are not in place to prevent system failure working time could be affected impacting workloads and delivery of key performance indicators. If an effective business continuity plan is not in place and communicated to staff the impact of any system failure will be increased. If adequate monitor arrangements for suppliers are not implemented and reviewed service delivery may be adversely affected.	Operational Risks	Heywoods is a hosted system. They have processes in place for backing up files, storing data safely and preventing system failure. This is included in the contract we have with them. The technical team keep logs of issues and responses to monitor this. We have a business continuity plan in place should issues arise. Key suppliers, Aquila Heywood and Hymans Robertson both have ISO:270001 which is the international standard for information security management systems (ISMS).	4	3	12	We are currently working with Aon to strengthen our Cyber Security arrangements. We will be producing and implementing policies and processes focusing on this area.	4	2	8

13	Cyber Security - risk of unauthorised access to personal and other data including by unsafe home working practices, data access protection and levels and safe storage of data. If safe working practices are not followed devices could be lost or stolen or data could be viewed or tampered with. If data access levels are not kept up to date and set at a level appropriate for the performance of the duties of the role only, any possible misuse or error will have a more severe effect. If data held on the pension system is not backed up there is a risk of data being lost in the event of a system failure.	Operational Risks	Mandatory GDPR and Cyber Security training has been provided to all new and existing staff. There is a remote working protocol available on the staff intranet which includes guidance on working securely, in addition to a good practice guide on information management. When working from home devices are encrypted and accessed via a VPN. Bit locker and passwords are required to access systems. No physical papers are taken home and staff are advised of the need to keep computers in a secure place, never to leave devices unattended and not to access systems in public locations. Appropriate data access levels to the pensions administration system are assigned by the Technical Support Team on appointment or change of role, according to the requirements of the role.	4	3	12	We are currently working with Aon to strengthen our Cyber Security arrangements. We will be producing and implementing policies and processes focusing on this area.	4	2	8
14	McCloud Judgement. There is a risk affecting our ability to implement the requirements of the McCloud judgement post resolution. Issues include lack of historic data, appropriate resource, capacity or budget to undertake the work. This could result in legal breaches reportable to the Pensions Regulator, incorrect pension entitlements being calculated for pensioners and loss of confidence in the service by scheme members and employers.	Operational Risks	Keeping up to date with information from the Scheme Advisory Board, Local Government Association, and the Government actuary's Department. The Technical Team are ensuring that part time hours are being recorded on Altair.	4	4	16	Decide how gathering of data from employers will be resourced. Once regulations issued and remedies understood, ensure pension service is appropriately resourced to deal with additional workload	4	3	12
15	Cyber Security – The heightened security threat level due to the Russian invasion of Ukraine could potentially result in added risks to the pension administration system.	Operational Risks	In response to the heightened threat, Heywoods have conducted focused threat simulations based upon potentially malicious email traffic, reinforced organisational awareness of the threat landscape and raised vigilance through additional staff training and blocked access/internet traffic from specific countries.	4	3	12	Heywoods will continue to closely monitor the cyber threat landscape, particularly threats connected with events in Ukraine. When necessary, they will take immediate action to mitigate against new threats as they emerge.	4	2	8
16	Russia has invaded Ukraine. There are global economic repercussions relating to oil and gas prices; energy markets; stock markets; and currencies. The Pension Fund will be impacted by these developments because it has exposure to these markets and geographies.	Global Macro-economic Risks	The Fund's direct exposure to assets held in Russia and the Uraines has been assessed and impact was immaterial. The diversified nature of the portfolio helps protect the Fund against the wider implications to Global markets.	3	5	15	If the conflict ends markets should recover; otherwise the financial markets will adapt. The Funds asset allocation is being reviewed to make sure it is still appropriate to keep the fund on track.	3	4	12

17	In February 2022 DLUHC issued the Levelling Up white paper requiring Funds to deploy at least an additional 5% of their capital to relevant investment opportunities in the UK. The additional requirement could be problematic for funds such as Croydon which already allocate a significant proportion of their capital to the UK in illiquid assets.	Investment Risks	It is unlikely that the Fund will be forced into a position which would mean an unacceptable imbalance in the asset allocation of the Fund. The Fund is not currently committing any further investments to its illiquid portfolio.	4	2	8	If the risk materialises the Fund will seek to follow the direction over a period of time in order to manage any imbalance in the portfolio.	4	2	8
18	Changes in legislation affect the level of performance of the Pensions Admin Team. Scheme members experiencing delays in receipt of their pension entitlement. Statutory deadlines are not met leading to breaches of legislation and pension regulator requirements. Scheme member dissatisfaction. Reputational damage. Financial penalties. Legal action / challenge.	Operational Risks	A third party administrative contract with Hyman Robertson to provide additional resources. Key Performance Monitoring Report completed each month against legal deadlines and team targets reported to Pensions Committee and Board each meeting. Maintaining awareness of latest legislative requirements. Robust checking procedures at all stages. Staff knowledge - Recruitment of staff of suitable experience. Continuous training of existing staff. Currently fully resourced administrative function.	4	4	16	A review of the effectiveness of 3rd party arrangement on activity levels. Continue detailed planning in respect of legislative changes. Development of IT and automation. Increase to Employer engagement. Regular Performance Reporting (activity rates & service KPI's) to Pensions Committee	4	2	8
19	System malfunction or interruption of our banking systems. The FCA disclosed that in the last 9 months of 2018 there were more than 300 IT failures impacting on bank customers ability to access their funds. The 6 largest banks on average experience one IT failure every 2 weeks. The risk is that one of these failures is for a sustained period of time impacting on BACS and CHAPS payments both into and out of the council. This could prevent members of the public and businesses from accessing funds, result in financial loss and /or service interruption.	Operational Risks	Actively review/assure in relation to bank controls. Automatic compensation paid for major interruptions	4	3	12	No future controls planned	4	3	12
20	Risk of losing or being unable to recruit suitably experienced staff. The Head of Pensions and Treasury has retired and other positions within the Pension Team have been vacant for a while. Lack of resourcing and knowledge will have a detrimental impact on the performance of the fund.	Operational Risks	The Pension Team have recruited temporary resources in the Treasury Team for the immediate future and are in the process of creating two new posts in the governance team. We are working with our advisors more widely to make greater use of their resources.	3	4	12	Developing in-house knowledge and capacity will mitigate the risk of skills drain if staff leave. A review of the pensions function will assist in further developing effective service delivery.	3	3	9

21	Liquidity risk - Inflation is currently running at 10% which will feed into pension increases and lead to pressures on cashflow. This means there is a risk that the authority might find itself with insufficient cash to meet short term and medium term liabilities without having to disinvest and thus damage the prospects of generating adequate investment returns.	Funding - Assets and Liabilities Risks	The Fund has increased the amount of cash it holds in order to cover any potential net outflow from the Fund	3	5	15	A medium term cashflow projection will be carried out in order to gain assurance that the fund has sufficient liquidity.	3	2	6
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Risk Matrix	IMPACT				
	1	2	3	4	5

		Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD	5 Almost Certain	5	10	15	20	25
	4 Likely	4	8	12	16	
	3 Possible	3	6	9	12	15
	2 Unlikely	2	4	6	8	10
	1 Rare	1	2	3	4	5

Below 10 is considered a Green Risk.
A score between 10 and 19 is an Amber Risk.
A score of 20 or above is a Red Risk.

REPORT TO:	Pension Committee 6 December 2022
SUBJECT:	Review of Committee Training
LEAD OFFICER:	Matthew Hallett, Acting Head of Pensions and Treasury
CORPORATE PRIORITY/POLICY CONTEXT: Sound Financial Management: This report forms an important component of the governance arrangements for the stewardship of the Pension Fund (“the Fund”).	
FINANCIAL SUMMARY: Financial risks relating to the Pension Fund are substantial and can impact on the General Fund of the Council.	
1. RECOMMENDATION	
1.1 The Committee is asked to note the contents of the Pension Committee Training Log.	

2. EXECUTIVE SUMMARY

- 2.1 This report advises the Committee of training undertaken by the Pension Committee members in Year 2022/23 to 22 November 2022 and asks them note the contents of the Log attached to this report as Appendix A.

3 DETAIL

- 3.1 In their 2019 governance review Aon recommended that the scope of the Knowledge and Skills Policy be extended to the Pensions Committee and Officers, as well as the Pensions Board. They further recommended that the policy should incorporate knowledge of the work of the London Collective Investment Vehicle (London CIV) and have regard to CIPFA guidance. The policy was agreed on 17 March 2020 (Minute 26/20). This policy has since been reviewed and the revised version was agreed by the Committee in their meeting of 14 June 2022.
- 3.2 Following the introduction of Markets in Financial Instruments Directive (MiFID II) in January 2018, in order to be treated as a professional client (rather than a retail investor) a Fund, as a collective, must be able to demonstrate sufficient expertise, experience and knowledge to satisfy financial institutions that it is capable of

making investment decisions and understanding the nature of potential risks by ensuring that levels of expertise, experience and knowledge are maintained to satisfy the MiFID II requirements.

3.3 All officers and Pension Committee Members charged with management. Operations and decision-making with regard to the Fund must be fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them. All members and officers are expected continually to demonstrate their personal commitment to training and to ensuring that the knowledge and skills objective is met.

3.4 The CIPFA Knowledge and Skills Framework was updated in 2021 eight areas of knowledge and skills identified as the core requirements:

- pensions legislation;
- pensions governance;
- pension accounting and auditing standards;
- pensions administration;
- pension services procurement and relationship management;
- investment performance and risk management;
- financial markets and products knowledge; and
- actuarial methods, standards and practice.

3.5 This report provides the Committee with a summary of the training undertaken by Pension Committee in Year 2022/23 to 22 November 2022 (attached as Appendix A).

3.6 Members of the Pension Board and Pension Committee were asked to take part in the National Knowledge Assessment run by Hymans. This is instead of the annual training needs analysis. It is a national assessment to determine knowledge levels and provide benchmarking data across Funds, as well as information to inform future training required. This was a compulsory item on the Training plan agreed by the Committee at their meeting of 11 October 2022. Participation levels at the close of the exercise were as follows:

Pension Committee Members 55%

Reserve Committee members 63%

There was a cost for participating in this exercise. There were 9 members who did not participate. Hymans will issue the Fund with a report in due course.

3.7 The first two sessions of the Fundamentals programme have been run. 2 Committee members attended the first session and 3 attended the second session. This course was one of the compulsory options on the training plan, with the other option being the Hymans on-line training.

3.8 The latest report on the Hymans on-line training uptake shows that 2 Committee members and 3 Reserve Committee members have completed 1 or more

modules and that 5 Committee members and 2 Reserve Committee members have started 1 or more modules.

3.9 At the October 2022 Committee meeting members agreed to provide officers with a list of dates of their availability so that the events could be re-arranged.

3.10 The Committee is asked to note the contents of this report.

4. CONSULTATION

4.1 The Knowledge and Skills Training Policy has been agreed by Committee. This is reviewed every 3 years by the Pension Committee. The Aon governance review recommendations and CIPFA knowledge and skills requirements as well as action points from Board and Committee minutes have been incorporated into the plan.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 There are no financial considerations arising from this report.

Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

6. LEGAL CONSIDERATIONS

6.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that the Pension Committee's Terms of Reference (London Borough of Croydon's Constitution Part 4.N) Paragraph 7. **Knowledge and Understanding** provides that: *Members of the Committee are expected to continually demonstrate their own personal commitment to training and to ensure that governance objectives are met. To assist in achieving these objectives training sessions will be organised to ensure Committee members are familiar with the rules of the Fund with relevant legislation.*

6.2 In addition, similar training and knowledge obligations are placed on the Local Pension Board members ("LPB Members") both under the Public Service Pensions Act 2013 Schedule 4 Clause 19 amendment of the Pensions Act 2004 and as detailed in Part 4 M of the Constitution which provides, among other matters, that both Employer and Employee representatives participate in training as and when required. In addition, section 12 of Part 4M specifically deals with training requirements and provides as follows:

"12.1. Employer and Member Representatives (including substitutes) of the LPB must be conversant with – a. The legislation, Scheme Regulations and associated guidance of the LGPS; b. Any document recording policy about the administration of the LGPS (which is for the time being adopted by the Fund).

12.2. All members of the LPB must have a working knowledge and understanding of:

- a. The law relating to pensions, and
- b. Any other matters which are prescribed in Scheme Regulations.

12.3. It is for the Scheme Manager (this is the Administering Authority) to be satisfied that those appointed have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the LPB or Committee.

12.4. In line with the duties under their role, the LPB and Committee members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date on anything that would fall within the remit of their role. Members are therefore required to maintain a written record of all relevant training and development (whether internal or external) they have undertaken. In the event that members wish to attend an external course/training event prior approval must be sought from the Scheme Manager. All information in relation to training and development of all members shall be made available to the Board and Committee as part of the Review Process. In addition, the Scheme Manager may, at any time request to inspect such records upon providing the relevant member with a written request which must be adhered to within 7 days of receipt of such a request.

12.5. All members will undertake an annual personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses as well as mandatory training that the Board or Scheme Manager considers is required to ensure the Board and Committee operates as effectively as possible. Members will comply with the Scheme Manager's training policy, details of which are found in the separate document titled "London Borough of Croydon Pension Fund Knowledge and Skills / Training Policy".

Burges Salmon LLP (a law firm appointed by the Fund) note that there are no other legal implications arising from this report

7. HUMAN RESOURCES IMPACT

- 7.1 There are no direct workforce implications arising from the recommendations within this report. If any should arise these will be managed under the Council's policies and procedures.

Approved by: Gillian Bevan, Head of Hr, Resources and Assistant Chief Executives on behalf of the Chief People Officer

8. EQUALITIES IMPACT

8.1 There are no equality implications arising from this report. Any training carried out will be accessible to support disabled employees.

Approved by: Denise McCausland Equality Programme Manager

9. ENVIRONMENTAL IMPACT

9.1 There are no environmental impacts arising from this report.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no crime and disorder impacts arising from this report.

11. DATA PROTECTION IMPLICATIONS

11.1 Will the subject of the report involve the processing of 'personal data'?

No.

Has a data protection impact assessment (DPIA) been completed?

No. This report relates to matters relating to the administration of the LGPS and the Croydon Pension Fund.

Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

CONTACT OFFICER:

Matthew Hallett, Acting Head of Pensions and Treasury

BACKGROUND DOCUMENTS:

None

APPENDICES:

Appendix A: Training Log

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Training undertaken by Pension Committee and Reserve Committee 2022/23 to 22/11/2022

				07/06/2022	18/20 Oct 22	11/10/2022	13/10/2022	18/11/2022	22/11/2022
Total Sessions Attended	% Possible Attended			Induction	Fundamentals 1	Valuation	Cyber / MccCloud	NKA	Fundamentals 2
4	67	Cttee	Clr Simon Brew	1	0	1	1	1	0
2	33	Cttee	Clr Nina Degrads	1	0	1	0	0	0
2	33	Cttee	Gilli Driver	0	0	1	0	1	0
5	83	Cttee	Clr Clive Fraser	1	1	1	0	1	1
3	50	Cttee	Clr Patricia Hay-Justice	1	0	1	0	0	1
4	67	Cttee	Clr Yvette Hopley	1	0	1	1	1	0
4	67	Cttee	Peter Howard	1	1	1	0	0	1
1	17	Cttee	Clr Endri Llabuti	0	0	1	0	0	0
3	50	Cttee	Charles Quaye	0	0	1	1	1	0
3	50	Cttee	Clr Alasdair Stewart	1	0	1	0	1	0
3	50	Cttee	Clr Callton Young	1	0	1	1	0	0
2	33	Rcttee	Clr Louis Carserides	1	0	0	0	1	0
4	67	Rcttee	Clr Richard Chatterjee	1	0	1	1	1	0
2	33	Rcttee	Clr Stuart Collins	0	0	1	1	0	0
0	0	Rcttee	Clr Simon Fox	0	0	0	0	0	0
3	50	Rcttee	Clr Enid Mollyneaux	1	0	1	0	1	0
0	0	Rcttee	Clr Nikhil Sherine Thampi	0	0	0	0	0	0
2	33	Rcttee	Clr Appu Srinivasan	0	0	1	0	1	0
3	50	Rcttee	Clr Rober Ward	1	0	0	1	1	0
			Total Completed	12	2	15	7	11	3
			Total Members					19	
			Total % Completed					58	
		Cttee	Total Possible Events	1	1	1	1	1	1
		Rcttee	Total Possible Events	1	1	1	1	1	1
			Total Comp Cttee	8	2	11	4	6	3
			Total Comp Rcttee	4	0	4	3	5	0
			% Completion Cttee	73	18	100	36	55	27
			% Completion Rcttee	50	0	50	38	63	0

Hymans On-line Training Modules Progress for Pension and Reserve Committee

LGPS Role	Fullname	Course Name	Course Enrolment Status
Reserve Committee	Appu Srinivasan	Module 1 - An introduction to the LGPS	Completed
Reserve Committee	Appu Srinivasan	Module 2 - LGPS Governance & Oversight Bodies	Completed
Reserve Committee	Appu Srinivasan	Module 3 - Administration & Fund Management	Completed
Reserve Committee	Appu Srinivasan	Module 4 - Funding and Actuarial Matters	Completed
Reserve Committee	Appu Srinivasan	Module 5 - Investments	Completed
Reserve Committee	Appu Srinivasan	Module 6 - Current Issues	Completed
Pension Committee	Charles Quaye	Module 1 - An introduction to the LGPS	In Progress
Pension Committee	Endri Llabuti	Module 1 - An introduction to the LGPS	Completed
Pension Committee	Endri Llabuti	Module 2 - LGPS Governance & Oversight Bodies	In Progress
Reserve Committee	Enid Mollyneaux	Module 1 - An introduction to the LGPS	Completed
Reserve Committee	Enid Mollyneaux	Module 4 - Funding and Actuarial Matters	In Progress
Pension Committee	Nina Degrads	Module 1 - An introduction to the LGPS	In Progress
Pension Committee	Peter Howard	Module 1 - An introduction to the LGPS	In Progress
Pension Committee	Peter Howard	Module 2 - LGPS Governance & Oversight Bodies	In Progress
Pension Committee	Peter Howard	Module 3 - Administration & Fund Management	In Progress
Pension Committee	Peter Howard	Module 4 - Funding and Actuarial Matters	In Progress
Pension Committee	Peter Howard	Module 5 - Investments	In Progress
Reserve Committee	Robert Ward	Module 1 - An introduction to the LGPS	Completed
Reserve Committee	Robert Ward	Module 2 - LGPS Governance & Oversight Bodies	Completed
Reserve Committee	Robert Ward	Module 3 - Administration & Fund Management	Completed
Reserve Committee	Robert Ward	Module 4 - Funding and Actuarial Matters	Completed
Reserve Committee	Robert Ward	Module 5 - Investments	Completed
Reserve Committee	Robert Ward	Module 6 - Current Issues	In Progress
Pension Committee	Yvette Hopley	Module 1 - An introduction to the LGPS	Completed
Pension Committee	Yvette Hopley	Module 2 - LGPS Governance & Oversight Bodies	In Progress

Modules Completed / In Progress Totals

			Total Completed	% Completed
Completed	Appu Srinivasan	Reserve Committee	6	100
Completed	Endri Llabuti	Pension Committee	1	17
Completed	Enid Mollyneaux	Reserve Committee	1	17
Completed	Robert Ward	Reserve Committee	5	83
Completed	Yvette Hopley	Pension Committee	1	17

			Total In Progress	% In Progress
In Progress	Charles Quaye	Pension Committee	1	17
In Progress	Endri Llabuti	Pension Committee	1	17
In Progress	Enid Mollyneaux	Reserve Committee	1	17
In Progress	Nina Degrads	Pension Committee	1	17
In Progress	Peter Howard	Pension Committee	5	83
In Progress	Robert Ward	Reserve Committee	1	17
In Progress	Yvette Hopley	Pension Committee	1	17

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Croydon Council

REPORT TO:	Pension Committee 6 December 2022
SUBJECT:	Proposed Constitutional Changes – Updates from previous meeting
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury

1. **RECOMMENDATIONS**

- 1.1 The Committee are asked to agree that the amendments to voting rights proposed in the paper considered by the Committee at their meeting of 11 October remain unchanged in order to preserve the balance on the Committee.
- 1.2 The Committee are asked to agree changes to the Constitution to agree an annual allowance will be paid to the Members of the Pension Board and the Pension Board Chair as set out in section 3.3.

2. **EXECUTIVE SUMMARY**

- 2.1 This report makes recommendations to the Committee regarding amendments to the proposed constitutional changes which were presented to the Committee at their meeting on 11 October 2022 which the Committee are asked to agree.

3 **DETAIL**

- 3.1. A paper went to Committee on 11 October outlining proposed changes to the Constitution. Part of the report dealt with voting rights for certain members and another part dealt with allowances for Pension Board Members.

3.2 **Voting rights**

It was proposed that voting rights be given to the staff side member and a new external employer representative voting role be created.

The matter of enfranchisement of the second pensioner representative was raised. Officers explained that the rationale behind not awarding voting rights to the second pensioner representative was to do with the numbers of Active, Deferred and Pensioner members in the Fund. Figures at 31 March 22 were as follows:

Active members 19860 representing 32% of the total Fund membership
Deferred members 12008 representing 39% of the total Fund membership
Pensioner members 8965 representing 29% of the total Fund membership

Officers have concluded that it would not be practicable to allocate Deferred member representation therefore there is no Deferred member representative on the Committee.

The numbers for Active and Pensioner members represent roughly a third of the Fund membership.

Therefore, in order to reflect the make up of the membership, there should be equal numbers of Active and Pension voting members on the Committee.

Currently, Fund members are represented by one voting Active member co-optee who is a staff member nominated by the unions and one voting Pensioner member who is elected by the membership; the individual who secures second place in the vote is appointed as a reserve non-voting Pensioner member who is only able to vote in the absence of the voting Pensioner member.

The Committee requested officers to look at how the balance on the Committee could be retained if the second pensioner representative were to be given voting rights.

In terms of Fund membership, Active and Pensioner voting representation is currently a straight 50% split. If the additional Pensioner representative were given voting rights, the balance would change to 33% voting representation for Active members and 67% for Pensioner members. This would not then reflect the make up of the Fund membership and would actually give the greatest voting rights to the smallest Fund membership group.

Currently with the previously proposed changes, the voting member balance on the Committee is:

Councillors 8 members totalling 73% of the voting Committee membership

Employer Representatives 1 member totalling 9% of the voting Committee membership

Staff Active Member Representatives 1 member totalling 9% of the voting Committee membership

Pensioner Representatives 1 member totalling 9% of the voting Committee membership

The table below shows the effect on the balance by increasing the various categories of committee members:

	No	%		No	%		No	%		No	%		No	%
Cllrs	8	73		8	67		8	62		8	57		16	73
Voting Co-opted														
Employer	1	9		1	8		1	8		2	14		2	9
Staff (Active)	1	9		1	8		2	15		2	14		2	9
Pensioner	1	9		2	17		2	15		2	14		2	9
Totals	11	100		12	100		13	100		14	100		22	100
Non Voting Coopted														
Pensioner	1													

3.2 Recommendation

As the table shows, in order to retain the balance of enfranchised members if the second Pensioner representative were to be given voting rights, every other category of member would need to be doubled.

Therefore, officers continue to recommend that the amendments to voting rights proposed in the paper considered by the Committee at their meeting of 11 October remain unchanged in order to preserve the balance on the Committee. The Committee is asked to agree this recommendation.

3.3 Pension Board Member Allowances

The report presented to Committee on 11 October included the proposed payment of allowances for Pension Board Members. The Committee requested that values of the allowance be included in the proposed Constitutional changes.

Officers have amended Appendix B in Part 6A of the Constitution as follows:

<p>Pension Board Chair - Annual allowance of £5,000 p.a. increased on 1 April each year in line with the cost of living.</p> <p>The cost of living increase will be based on the September to September adjustment to the Consumer Prices Index (CPI) for the previous year.</p>
<p>Pension Board Members not otherwise remunerated by an employer within the Fund – Annual allowance of £1,000 p.a. increased on 1 April each year in line with the cost of living.</p> <p>The cost of living increase will be based on the September to September adjustment to the Consumer Prices Index (CPI) for the previous year.</p>

Officers have amended the proposed changes to the constitution in respect of 21.1 and 21.2 of Part 4M of the constitution as follows:

21.1 An annual allowance will be paid to the Members of the Pension Board who are not otherwise remunerated by an employer within the Fund, in recognition of the time commitment and knowledge and skills and training required of the role of £1000.00 pa which will be uprated annually on 1 April in line with the cost of living. The increase will be based on the September to September adjustment to the Consumer Prices Index (CPI) for the previous year.

21.2 An annual allowance will be paid to the Pension Board Chair of £5000.00 which will be uprated annually on 1 April in line with the cost of living. The increase will be based on the September to September adjustment to the Consumer Prices Index (CPI) for the previous year.

3.4 **Recommendation**

The Committee is asked to agree these proposed changes as detailed above to give an annual allowance to certain members of the Pension Board.

3.5 If the Committee agrees the recommendations at 3.2 and 3.4, officers will present the proposed constitution amendments to the Monitoring Officer to take forward.

4. **CONSULTATION**

4.1 No consultation is required.

5. **FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

5.1 The financial implications are set out in the report and if the constitution changes are agreed, will result in an additional cost to the Pension Fund.

Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

6. **LEGAL CONSIDERATIONS**

6.1 Burges Salmon LLP (a legal advisor to the Pension Fund) note there are no direct legal implications arising from the recommendations within this report but observe that the governance arrangements for the Pension Board are part prescribed by legislation.

7. **HUMAN RESOURCES IMPACT**

7.1 There are no direct workforce implications arising from the recommendations within this report. If any should arise these will be managed under the Council's policies and procedures.

Approved by: Gillian Bevan, Head of HR, Resources and Assistant Chief Executives on behalf of the Chief People Officer

8. EQUALITIES IMPACT

8.1 There are no equality implications in the report.

Approved by: Denise McCausland Equality Programme Manager

9. ENVIRONMENTAL IMPACT

9.1 There are no environmental impacts arising from this report.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no crime and disorder impacts arising from this report.

11. DATA PROTECTION IMPLICATIONS

11.1 Will the subject of the report involve the processing of 'personal data'?

No.

Has a data protection impact assessment (DPIA) been completed?

No. This report relates to matters relating to the administration of the LGPS and the Croydon Pension Fund.

Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

CONTACT OFFICER:

Matthew Hallett – Acting Head of Pensions and Treasury.

BACKGROUND DOCUMENTS:

None.

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Croydon Council

REPORT TO:	PENSION COMMITTEE 6 December 2022
SUBJECT:	Contracts for the Provision of Actuarial and Global Custody Services
LEAD OFFICER:	Matthew Hallett Head of Pensions and Treasury

1 **RECOMMENDATIONS**

1.1 The Committee are asked to consider and note the contents of this report.

2 **EXECUTIVE SUMMARY**

2.1 This report explains to the Committee some of the procedures in respect of the procurement of professional services for the Fund and discusses the current position as regards the letting of contracts for:

- Actuarial Services
- Global Custody Services

3 **DETAIL**

Introduction

3.1 In order that the Fund can be properly managed it enters into contracts with specialist professional suppliers for various of its functions. They provide services ranging from high profile statutory activities such as Actuarial Services to relatively low-profile matters such as legacy payroll.

3.2 Many of these contracts have expiry dates and Finance Officers are currently working with Procurement Officers to re-tender several of them. Details of those currently being progressed are given in paragraphs 3.10-3.15 below.

Background

3.3 Traditionally, when pension funds or other local authority services required support from specialist outside suppliers, they would publicly invite tenders from any qualified supplier in accordance with UK and EU procurement rules.

3.4 More recently, contracts have been let by “framework agreement,” whereby a number of contracting bodies work together with a limited number of suppliers, to

establish the terms governing contracts to be awarded during a given period, in particular with regard to price, quality and, where appropriate, the quantity envisaged.

3.5 The benefits of using frameworks include:

- Access to fast, efficient, easy to use and regulation compliant procurement frameworks that remove the need to undertake costly and time-consuming full procurement processes;
- A significant reduction in procurement timescales;
- Reduced procurement costs;
- Flexibility in the planning and running of tender processes via mini-competition;
- Robust frameworks resulting from thorough professional due diligence;
- Benefits to the purchasing community at large - the more money that is spent through the framework, the better prices are available for those using it;
- Pre-agreed terms and conditions, which means less expenditure on legal costs and a better understanding of the nature of the contract;
- Ceiling prices that have been further reduced by competition;
- Detailed and easy to use guides, support and templates; and
- Additional benefits, for example allowing user groups to optimise buying power.

3.6 For some years the Council and the Pension Fund had been aware of the benefits of establishing framework agreements for the provision of professional support services. The Fund set up several of its own which were used to procure various services.

3.7 Subsequently, National Local Government Pension Scheme (LGPS) frameworks were established by a group of administering authorities, including Croydon to build on the procurement framework developed by the Croydon Fund. This process, managed by Norfolk County Council's pensions service, has developed the framework concept to cover many pensions activities. The frameworks are compliant with the Public Contract Regulations and are open to all LGPS fund authorities in the UK.

3.8 The Croydon Fund remains committed to the framework concept and, so far as possible continues to use it. When seeking to let any contract, the Fund must also comply with the Council's in-house procurement procedures.

3.9 Detailed below are the two contracts currently being reviewed.

Actuarial Services

3.10 The current contract with Hymans Robertson LLP was originally approved under delegated powers by Head of Pensions and Treasury for four years from 1 April 2017 to 31 March 2021. It has subsequently been extended to 31 July 2023 to cover the period of the current valuation.

3.11 The outline of the framework arrangements as stated on the website is:

The Actuarial, Benefits and Governance Consultancy Services Framework went live in July 2021 and will be available for Further Competition and Direct Award until 30th June 2025. Contracts awarded under the Framework may be let up for a maximum contract length of ten years and up to 30th June 2035 at the latest.

The Framework is split across four Lots including:

Lot 1 - Actuarial Services including but not limited to: actuarial advice in relation to outsourcing / reshaping service delivery (Including staff transfers and changes in workforce profile); advice on admission agreements; actuarial advice to new or existing participating employers; attendance at meetings as required by stakeholders; support for and supply of scheme communication, advice and training for all associated stakeholders as required including but not limited to scheme members, pension boards, section 101 committees and employers; completion of the triennial Actuarial Valuation exercise in accordance with the LGPS governing regulations (to include preparation of individual valuation positions for each participating employer); Funding Strategy Statement preparation and advice; providing responses to auditors of administering authorities and participating employer bodies in respect of the financial reporting of pensions and any other matters arising; undertaking asset liability studies (every three years or more frequently if required); completion of actuarial valuation at the date of cessation of a scheduled body or an admission body to assess any termination liabilities arising; annual accounting valuations of pension liabilities (in accordance with FRS17 (FRS102) / IAS19 requirements or any such standard as is in force) – including the calculation of opening positions for new employers; preparation of pensions information on behalf of participating employers for inclusion in tender documentation when letting services that includes the transfer of staff who are members of the LGPS; calculation of opening positions (level of assets and liabilities) for new participating employers and the calculation of the appropriate employer contribution rate at commencement; calculation and actuarial advice relating to the consideration of an appropriate bond or other guarantee either where an authority is entering into a transferee admission agreement with a contracting party or other circumstance; provision of appropriate actuarial factors as prescribed by the LGPS governing regulations e.g. strain costs on early retirement; provision of modelling and projections in respect of underlying assumptions and strategy at a fund or employer level; provision of funding and contribution strategy advice; supporting unitisation and segregation (in support of employer specific funding strategy); to act as expert witness (in case of arbitration, regulatory or other); covenant analysis and baseline risk management; and cashflow modelling.

Providers on the Framework are:

- Aon Solutions UK Limited*
- Barnett Waddingham LLP*
- Hymans Robertson LLP*
- Mercer Limited*

3.12 It is currently planned that arrangements will be made for a contract of six years to cover two valuation periods from 1 August 2023.

Global Custody Services

3.13 A contract with BNY Mellon has been in place for over twenty years and has been re-negotiated by officers on several occasions.

3.14 The outline of the framework arrangements as stated on the website is:

The Global Custody Services Framework has now been launched and will be available until February 2025. Contracts awarded under the Framework can be let for a maximum total duration of ten years.

Global custody services including but not limited to: safekeeping of assets in a range of global markets; trade settlement; tax reclaims; corporate actions instruction and collection; proxy voting facilitation; foreign exchange services; cash management; investment accounting; online reporting; performance measurement; compliance monitoring; passive currency hedging; and other asset administration services which may arise from time to time.

Providers on the Framework are:

- *BNY Mellon*
- *Caceis*
- *HSBC*
- *Northern Trust*
- *State Street*

3.15 It is currently planned that arrangements will be made for a contract of six years from 1 April 2023.

4 CONSULTATION

4.1 Officers are in constant contact with Procurement Officers to progress the contracts considered in this report.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 There are no financial or risk assessment considerations arising from this report.

Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources (Section 151 Officer).

6 LEGAL CONSIDERATIONS

6.1 Burges Salmon LLP (a legal advisor appointed to the Pension Fund) comments there are no direct legal implications arising from this report although it will be important for the Fund to ensure there is appropriate procurement support in place to ensure that the procurement processes are robust and compliant.

7 HUMAN RESOURCES IMPACT

- 7.1 There are no direct workforce implications arising from the recommendations within this report. If any should arise these will be managed under the Council's policies and procedures.

Approved Gillian Bevan, Head of HR, Resources and Assistant Chief Executives on behalf of the Chief People Officer

8 EQUALITIES IMPACT

- 8.1 When a service is contracted out both the contractor and the public authority that commissioned the service have to give due regard to the three principles of the General Duty as set out above. Any supplier that is exercising public functions also has an obligation to fulfil the general duty.

- 8.2 The Contract Management Framework is required to work within the framework of the Equality Strategy 2020- 2024. The deliverables in the Equalities Strategy should be incorporated into the Contract Management Framework and policy documents as detailed below:

“Outline how the proposed contract(s) will comply with the Public Sector Equality Duty outlined in Section 4 of the EQIA; and meet the outcomes of the Council's equality strategy, particularly:

- i. All Council contracts contribute towards delivering our equality objectives
- ii. Council contractors are inclusive and supportive of vulnerable groups
- iii. Ensure that every strategy, delivery plan, council contract and staff appraisal has an equality objective linked to it.
- iv. That contractors be requested to adopt Croydon's Equality and George Floyd Race Matters Pledges”

Approved by: Denise McCausland – Equality Programme Manager

9 ENVIRONMENTAL IMPACT

- 9.1 There are no environmental impacts arising from this report.

10 CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no crime and disorder impacts arising from this report.

11 DATA PROTECTION IMPLICATIONS

- 11.1 Will the subject of the report involve the processing of 'personal data'?

No.

Has a data protection impact assessment (DPIA) been completed?

No. This report relates to matters relating to the administration of the LGPS and the Croydon Pension Fund.

Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources
(Section 151 Officer)

CONTACT OFFICER:

Matthew Hallett – Head of Pensions and Treasury
Finance, Investment and Risk
Corporate Resources Department

BACKGROUND DOCUMENTS:

None

Croydon Council

REPORT TO:	Pension Committee 6 December 2022
SUBJECT:	Local Government Pension Scheme Advisory Board / The Pensions Regulator Update
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury

1. **RECOMMENDATION**

- 1.1 The Committee are asked to note the contents of this report.

2. **EXECUTIVE SUMMARY**

- 2.1 This report advises the Committee of the matters currently being considered by the Local Government Pension Scheme Advisory Board and The Pensions Regulator which are relevant to the Fund. Any implications for the Fund have been noted and are being addressed in consultation with Fund advisors.

3 **DETAIL**

3.1. **Local Government Pension Scheme Advisory Board (SAB)**

Statement on employer contributions

On 1 November 2022 the Board announced that, at their meeting on 10 October 2022, they discussed emerging results from the current round of triennial fund valuations. Whilst understanding and recognising the extremely challenging position for local government finance, the Board asks that administering authorities and other fund employers have regard to the desirability for long term stability in pension contributions when considering whether reductions in employer contributions are desirable as a result of an improved funding position. The full statement gives more detail of the Board's discussion, and full reasons for making this statement.

Scheme Advisory Board response to HM Treasury's exit pay consultation

In August, HM Treasury issued a consultation on a new controls process for high value exit payments paid to staff working in central government. Although that will not affect local government workers directly, some LGPS employers are likely to be covered by the new arrangements and on 17 October 2022 the Scheme Advisory Board submitted this response.

Taskforce on Climate-related Financial Disclosures (TCFD)

On 1 September 2022 The Department for Levelling Up, Housing and Communities (DLUHC) launched its consultation regarding governance and reporting of climate change risks. The consultation seeks views on proposals to require Local Government Pension Scheme administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The consultation closed on 24 November 2022.

Audit issues within the Local Government Pension Scheme (LGPS)

On 3 August 2022 the Board Chair, Cllr Phillips, has written to the Minister outlining issues facing funds as a result of audit issues relating to the main local authority accounts. The letter proposes separating pension fund accounts from main local authority accounts as a potential solution to the problem and asks the Minister to task officials to work with the Board and its committees to consider the benefits and risks of such an approach.

Age discrimination in LGPS benefits

On 26 August 2022 the Board Chair, Cllr Phillips, has written to the Minister recommending reform of the LGPS rules on death grants and survivor benefits. This is to address recent challenges that the current rules are discriminatory and also to investigate “future proofing” Scheme benefits against potential future legal challenge

Queen’s Speech

On 11 May 2022, the Queen’s Speech included a Procurement Bill which will cover the procurement, purchasing and investment decisions of public bodies and a Boycotts, Divestment and Sanctions Bill.

Special Severance Payment Guidance

On 12 May 2022 DLUHC published statutory guidance on the making and disclosure of special severance payments by local authorities in England. The guidance sets out the criteria employers should consider in the circumstances in which it may be appropriate to make a special severance payment. It also the clarifies the disclosure and reporting requirements.

[Statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/statutory-guidance-on-the-making-and-disclosure-of-special-severance-payments-by-local-authorities-in-england)

Academy Trust and Local Government Pension Update

On 21 July 2022 the Department for Education (DfE) made a statement confirming an extension of the guarantee that the closure of an academy trust will not lead to any outstanding LGPS liabilities reverting to the fund. This guarantee was first made in 2013 and now includes a new increased annual ceiling of £20m. The Guarantee provides academy trusts with direct Government backing for certain pension costs. The DfE has asked administering authorities to ensure that this is reflected in this year's scheme valuation, both in the setting of employer contribution rates and the length of deficit recovery periods.

McCloud response

On 2 August 2022 the DLUHC provided an update on its work to rectify "McCloud" age discrimination. This has already been shared with LGPS administering authorities in England and Wales and software suppliers. Full details are available in the July LGPC bulletin.

On 17 March 2022 the Queen gave Royal Assent to the Public Service Pensions and Judicial Offices Bill and it became the Public Service Pensions and Judicial Offices Act 2022.

Levelling Up White Paper

On 27 April 2022 the Board Chair wrote to the Minister in response to the White Paper.

https://lgpsboard.org/images/Other/Letter_to_Kemi_Badenoch_Levelling_Up_270422.pdf

On 2 February 2022 the Government published the Levelling Up White Paper which includes references to LGPS funds having plans for up to 5% of assets to be allocated to projects which support local areas. SAB understands that in this context local refers to UK rather than local to a particular fund and that there will be no mandate beyond the requirement to have a plan. Further details are expected to emerge over the period up to an expected summer consultation which SAB understands will also include the outstanding climate risk and reporting regulations and the pooling guidance.

The White Paper also notes that the UK Infrastructure Bank is committed to expanding institutional investment in UK infrastructure, including exploring opportunities with the LGPS

[Levelling Up the United Kingdom - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/white-papers/levelling-up-the-united-kingdom)

3.2 The Pensions Regulator (TPR)

TPR has a wider remit than the SAB and most of its publications / press releases concern private sector schemes. However, in recent months it has published the following matter of interest to the LGPS:

Guidance on tendering for fiduciary managers and setting objectives for investment consultants

On 4 August TPR took over the regulation of trustee duties from the Competition and Markets Authority. TPR has revised its guidance on the tender process for fiduciary management services and trustees setting objectives for their investment consultants.

Since December 2019, trustees have been legally required to run a competitive tender process when appointing fiduciary managers in relation to 20% or more of scheme assets. They have also been prohibited from receiving investment consultancy services without having set strategic objectives for their investment consultancy provider.

<https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/funding-and-investment-detailed-guidance/tender-and-set-objectives-for-investment-service-providers/tender-for-fiduciary-management-services>

<https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/funding-and-investment-detailed-guidance/tender-and-set-objectives-for-investment-service-providers/set-objectives-for-your-investment-consultant>

4. CONSULTATION

4.1 No consultation is required for this report however Fund advisors are consulted as appropriate on matters arising from it.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 There are no financial or risk assessment considerations arising from this report.
Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

6. LEGAL CONSIDERATIONS

6.1 Burges Salmon LLP (a legal advisor appointed to the Pension Fund) comments that there are no direct legal implications arising from the content of this report although it is important to be aware that a number of changes to the regulations governing the LGPS are likely to be announced in the next few months (for example dealing with McCloud remedies).

7. HUMAN RESOURCES IMPACT

7.1 There are no direct workforce implications arising from the recommendations within this report. The improvement to practice is welcomed as the pension scheme is a key employee benefit to employees

Approved by: Gillian Bevan Head of HR Resources and Assistant Chief Executives on behalf of the Chief People Officer

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8. EQUALITIES IMPACT

- 8.1 There are no impending equality implications arising from the report. However, should special severance payments be made in relation to the report, payments should be monitored by protected characteristic.
- 8.2 It is also advised that an update on challenges regarding age discrimination be reported to the next meeting.

Approved by: Denise McCausland Equality Programme Manager

9. ENVIRONMENTAL IMPACT

- 9.1 There are no environmental impacts arising from this report.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no crime and disorder impacts arising from this report.

11. DATA PROTECTION IMPLICATIONS

- 11.1 Will the subject of the report involve the processing of 'personal data'?

No.

Has a data protection impact assessment (DPIA) been completed?

No. This report relates to matters relating to the administration of the LGPS and the Croydon Pension Fund.

Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

CONTACT OFFICER:

Matthew Hallett – Acting Head of Pensions and Treasury.

BACKGROUND DOCUMENTS:

None.

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Croydon Council

REPORT TO:	PENSION COMMITTEE 6 December 2022
SUBJECT:	Part A -Progress Report for Quarter Ended 30 September 2022
LEAD OFFICER:	Matthew Hallett Head of Pensions and Treasury
CORPORATE PRIORITY/POLICY CONTEXT:	
<p>Sound Financial Management: Reviewing and ensuring that the performance of the Council's Pension Fund (the Fund) investments are in line with their benchmark and in line with the assumptions made by the Actuary.</p>	
FINANCIAL SUMMARY:	
<p>This report shows that the market value of the Fund investments as at 30 September 2022 was £1,614m compared to £1,633.8m at 30 June 2022, a decrease of £19.8m and a return of -1.22% over the quarter. The performance figures, independent information and analysis on the fund managers and markets have been provided by the Fund's independent investment advisor Mercer and are included in the part B report.</p>	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1	RECOMMENDATIONS
1.1	The Committee is asked to note the performance of the Fund for the quarter ended 30 September 2022.

2 EXECUTIVE SUMMARY

- 2.1 This report provides an update on the Fund's performance for the quarter to 30 September 2022. The report falls into four parts. Section 1 addresses performance against strategic goals. The second section considers the asset allocation strategy and how that is being applied, specifically current and planned investments. The third section deals with risk management and the fourth and final section summarises the recent investment manager site visit.

3 DETAIL

Section 1: Performance

- 3.1 At the 2019 Triennial Actuarial Valuation the whole of fund funding position was 88% using a future investment return assumption (otherwise described as the discount rate) of 4.0% p.a. The Fund would be 100% funded if an assumed investment return of 4.8% p.a. was used. In setting the Pension Fund's investment strategy, performance is measured against a benchmark return of CPI + 4% for the whole fund. Achieving this benchmark return will ensure the investments achieve a higher return than as calculated in the valuation and on the basis that other assumptions remain constant, the funding gap will close.
- 3.2 Since the valuation date the Fund has made a cumulative return of 29.6% against a return of 14.7% assumed by the valuation. This has had a positive impact on the funding level and the Funding level at 31 March 2022 was estimated to be 97%.

Section 2: Asset Allocation Strategy

- 3.3 The Pension Committee discussed changes to the current asset allocation strategy at the Committee meeting held on 17 March 2020 (Minute A27/20 refers). However, reviewing the current allocation it is apparent that the target allocation cannot yet be applied as it has not been formally adopted because, as per the Minute – "Officers pointed out that they were not able to give investment advice and the Pension Fund's investment adviser had not been given the opportunity to offer appropriate advice to inform the decision." The prudent option is therefore to measure allocation against the prior allocation. This option is supported by the Scheme's investment advisors. Any proposal to amend this asset allocation will require a period of consultation with such persons as it considers appropriate.

3.4 The target portfolio can be broken down as follows:

Asset Class		Target Allocation	Allowable Tolerance
Equities including allocation to emerging markets.		42%	+/- 5%
Fixed interest		23%	+/- 5%
Alternates		34%	+/- 5%
<i>Comprised of:</i>			
Private Equity	8%		
Infrastructure	10%		
Property	16%		
Cash		1%	
Total		100%	

3.5 Monitoring of asset allocation

3.5.1 **Global Equity** – Global equities continued to perform poorly in the last quarter, with high levels of volatility. The two most dominant themes of the previous two quarters continued to be high inflation and the tightening of monetary policy. All the major indices showed a negative return over the quarter.

The Fund's Global equity return for the quarter was -1.03%. The LGIM Developed World (ex-Tobacco) Equity fund returned -1.43% as it follows that of the major indices. The LCIV RBC fund performed positively returning 2.13% for the quarter. Global equities are now at 42.4% compared to the target allocation of 42%.

3.5.2 **Fixed Interest** – Fixed interest investments continued on the downward path posting a negative return of -6.9%, with Aberdeen Standard -5.42%, Wellington -12.98% and the LCIV Global Bond -4.43%. The protection offered by the Aberdeen Absolute Return Fund shielded the loses slightly.

The quarter saw two more aggressive interest-rate hikes by the Federal Reserve and at its September policy meeting showed no signs of slowing down its aggressive stance. This led to further increases in gilt yields which resulted in the negative returns for the fixed interest portfolio. The overall allocation is 15.5% which is outside the target allocation of 23% allowing for a 5% tolerance. This is largely due to the poor performance of bonds when compared to the other asset classes. Given the continued uncertainty Officers have elected not to rebalance the Fund with the view to waiting for the outcome of the strategic asset allocation review which will be conducted over the coming months.

3.5.3 **Infrastructure** – Due to the nature of these assets, performance of Infrastructure investments and indeed Private Equity, discussed in more detail below, is better measured over a period of time, rather than quarter by quarter. All the Fund's Infrastructure investments continue to perform well largely due to their link to inflation. The renewable investments have performed particularly well recently due to increased inflation expectations and increases in power prices, both of which have a positive impact on the returns. The allocation currently stands at 14.0% compared to a target of 10%.

3.5.4 **Private Equity** – Our Private Equity managers continue to perform extremely well and have been the main contributor to positive returns over the last few years. The performance of private equity investments tends to follow the same direction as global equities. Valuations tend to be lagged so Officers are expecting the positive returns

to tail off although the majority of our private equity investments are priced in foreign currency so the weakness in Sterling has contributed to inflated valuations. Over the quarter the allocation moved from 11.8% to 11.6%. This is above the target allocation of 8%.

3.5.5 **Property** – The Property allocations performance has started to struggle. Although the performance over the last year has been strong. The property allocation now makes at 13.7% of the Fund. The recent negative returns in equities and bonds demonstrate the value of a property portfolio as a diversifier and risk mitigator within the overall Fund’s portfolio.

3.5.6 The table below illustrates the movement in the Fund’s valuation during the quarter and the current asset allocation against the target.

**London Borough of Croydon Pension Fund
Fund valuation and asset allocation for the quarter ending 30 September 2022**

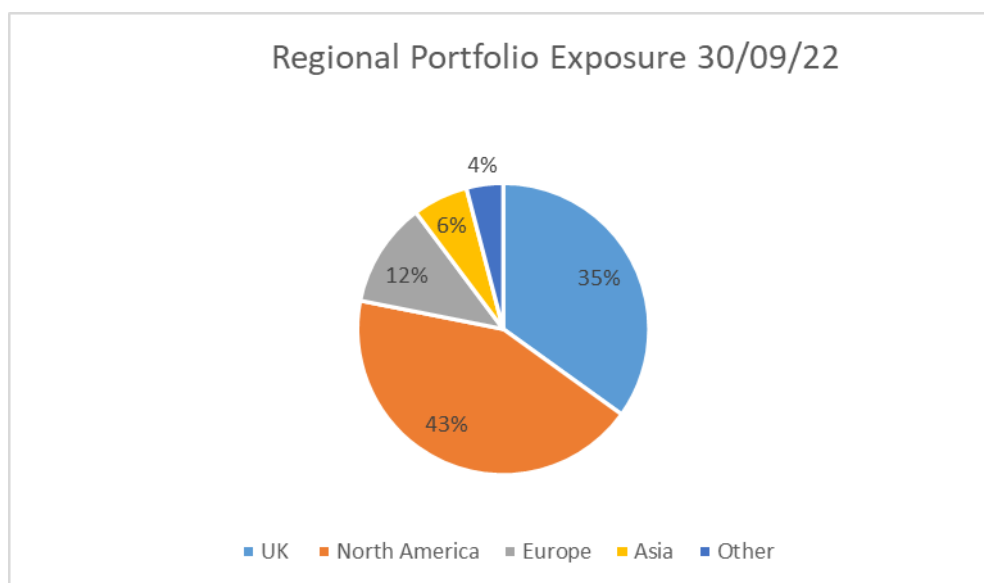
	Valuation at 30/06/2022 £'000	Net cashflow £'000	Gain/Loss £'000	Valuation at 30/09/2022 £'000	Asset allocation Fund percentage	Asset allocation target percentage
Equities					42.4%	42%
Legal & General FTSE World (Ex Tobacco)	614,043	-	8,784	605,259		
LCIV RBC	77,232	-	1,643	78,875		
LCIV	150			150		
Fixed Interest					15.5%	23%
Standard Life	126,094	-	6,838	119,256		
Wellington	62,102	-	8,063	54,039		
LCIV Global Bond	81,110	-	3,597	77,514		
Infrastructure					14.0%	10%
Access	32,788	2,750	2,192	32,230		
Temporis	56,839	-	350	57,189		
Equitix	75,141	574	4,085	78,652		
Macquarie GIG Renewable Energy	24,013	472	-	23,541		
I Squared	29,905	1,443	3,144	34,491		
Private Equity					11.6%	8%
Knightsbridge	75,212	649	314	74,877		
Pantheon	74,993	1,144	3,364	77,213		
Access	25,584	6,265	3,669	15,649		
North Sea	17,518	648	1,305	19,471		
Property					13.7%	16%
Schroders	162,326	-	6,378	155,948		
M&G	64,788	206	1,123	65,705		
Cash					2.7%	1%
Legal & General FTSE4Good Cash	741	-	174	567		
Cash	33,238	10,086	-	43,325		
Fund Total	1,633,817	116	19,982	1,613,951	100%	100%

Valuations are based on the bid price as reported by the Fund Managers. The valuations of the Infrastructure and Private Equity funds are the latest available and can be lagged by 3 months.

3.6 Regional Exposure

3.6.1 The Committee asked for an indication of the geographical dispersion of the underlying assets comprising the portfolio. This is set out graphically in the chart below. This information is for illustrative purposes only. It should be noted that there are differences in the period represented as some data is updated far more frequently than others.

Graph 2: Geographic dispersion of funds.



3.6.2 The descriptor Asia includes Japan, Korea and Australia. The descriptor Other includes the continent of Africa and Latin America.

3.6.3 It should be noted that of the 36% invested in the UK 13.7% is allocated to Property and 9.7% to Infrastructure. The majority of the Private Equity and Global Equity investments are in the US and Canada.

3.7 Section 3: Risk Management

3.7.1 The main risk addressed by the Funding Strategy is that returns on investment will fall below the target asset outperformance assumption to ensure that the Pension Fund matches the value of liabilities in the future. Dependent upon that are of course a number of issues.

3.7.2 The global economy will always represent a specific risk and opportunity for the Fund and will effectively be impossible to quantify or evaluate. The Fund takes a long-term view and manages risk by investing in a portfolio of assets which is sufficiently diversified. Having a sufficiently diversified portfolio should ensure the Fund continues to meet its performance objectives over the long term while reducing the impact of short term volatility in caused by uncertainty in global markets.

3.7.3 Mercer, the Fund's investment adviser, have drafted a Fund Monitoring Report, for the 3 months to 30 September 2022. These reports are included in Part B of this Committee agenda.

3.8 Section 4: Investment Manager Visits

3.8.1 There were no manager meetings held in the quarter.

4 CONSULTATION

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

5 FINANCIAL CONSIDERATIONS

5.1 This report deals exclusively with the investment of the Council's Pension Fund and compares the return on investment of the Fund against the benchmark return.

Approved by: Alan Layton on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

6. LEGAL CONSIDERATIONS

6.1 Burges Salmon LLP (a legal advisor appointed to the Pension Fund) comments that there are no direct legal implications arising from the recommendations within this report.

6.2 The Committee must, however, be mindful of their fiduciary duty to make investment decisions including in the best long-term interests of Fund beneficiaries and taxpayers within the investment strategy framework.

7. HUMAN RESOURCES IMPACT

7.1 There are no direct workforce implications arising from the recommendations within this report. If any should arise these will be managed under the Council's policies and procedures.

Approved by: Gillian Bevan, Head of HR, Resources and Assistant Chief Executives on behalf of the Chief People Officer

8. EQUALITIES IMPACT

8.1 There are no equality implications arising from the report. .

Approved by: Denise McCausland Equality Programme Manager

9. ENVIRONMENTAL IMPACT

9.1 There are no environmental impacts arising from this report.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no crime and disorder impacts arising from this report.

11. FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS

- 11.1 This report and Appendices contain confidential information which could be of a sensitive nature, disclosure of which could prejudice the commercial interest of the companies involved and those of the Council's Pension Fund and will be reported in the closed part of the agenda. On application of the public interest test it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

CONTACT OFFICER:

Matthew Hallett, Acting Head of Pensions and Treasury,

BACKGROUND DOCUMENTS:

Included in Part B of the agenda.

Quarterly reports from each fund manager (circulated under separate cover to the Committee Members.) Exempt pursuant to Schedule 12A paragraph 3 of the Local Government Act 1972 as amended.

Appendices:

There are no part A appendices.

Part B appendices:

Exempt pursuant to Schedule 12A paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information), the following appendices are considered to be precluded from publication:

Appendix A: London Borough of Croydon Returns to 30 September 2022, Mercer

Appendix B: Market Background and Market View Q3 2022, Mercer

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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