

City Chambers
DUNDEE
DD1 3BY

29th November, 2024

**TO: ALL MEMBERS OF THE PENSION SUB-COMMITTEE
OF THE CITY GOVERNANCE COMMITTEE**

Dear Sir or Madam

You are requested to attend a JOINT MEETING of the **PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD** to be held remotely on Monday, 9th December 2024, at 12 noon.

Members of the Press or Public wishing to join the meeting should contact Committee Services by telephone (01382) 434205 or by email at committee.services@dundeecity.gov.uk by no later than 12 noon on Friday, 6th December, 2024.

Yours faithfully

GREGORY COLGAN

Chief Executive

AGENDA OF BUSINESS

1 DECLARATION OF INTEREST

Members are reminded that, in terms of The Councillors Code, it is their responsibility to make decisions about whether to declare an interest in any item on this agenda and whether to take part in any discussions or voting.

This will include all interests, whether or not entered on your Register of Interests, which would reasonably be regarded as so significant that they are likely to prejudice your discussion or decision-making.

2 APOLOGIES

3 MINUTE OF PREVIOUS MEETING - Page 1

(Minute of the meeting of the Pension Sub-Committee of 23rd September, 2024, copy attached).

4 TAYSIDE PENSION FUND RISK REGISTER - Page 5

(Report No 347-2024 by the Executive Director of Corporate Services, copy attached).

5 PENSION ADMINISTRATION PERFORMANCE – QUARTERLY UPDATE TO 30TH SEPTEMBER, 2024 - Page 21

(Report No 348-2024 by the Executive Director of Corporate Services, copy attached).

6 TREASURY MANAGEMENT ACTIVITY 2024/2025 (MID-YEAR REVIEW) - Page 35

(Report No 349-2024 by the Executive Director of Corporate Services, copy attached).

7 PROPOSED TIMETABLE OF MEETINGS FOR 2025 - Page 39

(Report No 329-2024 by the Executive Director of Corporate Services, copy attached).

The Sub-Committee may resolve under Section 50(A)(4) of the Local Government Scotland) Act 1973 that the press and public be excluded from the meeting in order that the undernoted items of business may be considered in private on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 4, 6 and 11 of Part 1 of Schedule 7(A) of the Act.

8 TAYSIDE PENSION FUNDS

9 ANNUAL ASSESSMENT OF INVESTMENT ADVISORY SERVICES 2024

10 REVIEW OF INVESTMENT STRATEGY

11 PRESENTATION

VI TAYSIDE PENSION FUND ACCOUNTS 2023/2024**(a) TAYSIDE PENSION FUND 2023/24 – ACCOUNTS AND AUDIT**

There was submitted Report No 271-2024 by the Executive Director of Corporate Services reporting on the outcome of the external audit of Tayside Pension Fund for the year to 31st March, 2024.

The Sub-Committee and Board:-

(i) noted the content of the External Auditor's Annual Audit Report, in particular that Audit Scotland anticipated issuing an unqualified audit opinion.

(b) DRAFT AUDITED ANNUAL REPORT AND ACCOUNTS 2023/2024

There was submitted Report No 272-2024 by the Executive Director of Corporate Services providing information on the Draft Audited Annual Report and Accounts 2023/24.

The Sub-Committee and Board:-

(i) noted the content of the report.

(c) EXTERNAL AUDITORS ANNUAL REPORT

There was submitted Report No 273-2024 by Audit Scotland providing information on the Audit of 2023/24 Annual Report and Accounts.

The Sub-Committee and Board:-

(i) noted the content of the report.

VII ANNUAL TREASURY MANAGEMENT ACTIVITY 2023/2024

There was submitted Report No 274-2024 by the Executive Director of Corporate Services reviewing the Treasury Management activities for the period 1st April 2023 to 31st March 2024.

The Sub-Committee and Board:-

(i) noted the information contained within the report.

The Sub-Committee and Board resolved under Section 50(A)(4) of the Local Government (Scotland) Act 1973 that the press and public be excluded from the meeting for the undernoted items of business on the grounds that they involved the likely disclosure of exempt information as defined in paragraphs 4, 6 and 11 of Part I of Schedule 7A of the Act.

VIII TAYSIDE PENSION FUND**(a) TAYSIDE PENSION FUND PERFORMANCE SUMMARY**

There was submitted Report No 275-2024 by the Executive Director of Corporate Services reviewing the investment performance of the Fund's investment managers for the quarter to 30th June, 2024. The report compared investment performance of the Fund with the Fund's specific benchmarks which consisted of various stock and security market indices.

The Sub-Committee and Board:-

(i) noted the information contained therein with regard to the performance of the Tayside Main Fund and their Fund Managers.

(b) SUMMARIES OF INVESTMENTS AND TRANSACTIONS 1ST APRIL, 2024 TO 30TH JUNE 2024

There was submitted Report No 276-2024 by the Executive Director of Corporate Services reviewing the investment activities of Tayside Pension Fund's five Fund Managers for the quarter to 30th June, 2024 and summarising the transactions of each Fund Manager and showing the market values of the Pension Fund.

The Sub-Committee and Board:-

- (i) noted the information contained therein with regard to the performance of the Tayside Main Fund and their Fund Managers.

(c) SECURITIES LENDING 6 MONTH ACTIVITY TO 30TH JUNE, 2024

There was submitted Report No 277-2024 by the Executive Director of Corporate Services presenting an update on Securities Lending activity for the period ended 30th June 2024.

The Sub-Committee and Board:-

- (i) agreed to note the content of the report.

(d) QUARTERLY FUNDING UPDATE AS AT 30TH JUNE 2024

There was submitted Report No 278-2024 by the Executive Director of Corporate Services reviewing the current funding level of the Fund as assessed by the Fund Actuary.

The Sub-Committee and Board:-

- (i) agreed to note the content of the report

IX PRESENTATION

Tim Gooding and Claire Phillips from Baillie Gifford gave a short presentation to the Sub-Committee and Board.

After Mr Gooding and Ms Phillips had given their presentation and answered questions from members, the Chair thanked the presenters on behalf of members of the Sub-Committee and Board.

Willie SAWERS, Chair.

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ITEM No ...4.....

REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 9 DECEMBER 2024

REPORT ON: TAYSIDE PENSION FUND RISK REGISTER

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 347-2024

1 PURPOSE OF REPORT

The Sub-Committee is asked to approve the Quarterly Risk Register for Tayside Pension Fund.

2 RECOMMENDATIONS

The Sub-Committee is asked to approve the Quarterly Risk Register for Tayside Pension Fund. There were no changes from the previous quarter.

3 FINANCIAL IMPLICATIONS

There are no financial implications other than those highlighted in the risk register.

4 INTRODUCTION

The Local Government Pension Scheme Management and Investment of Funds (Scotland) Regulations 2010 requires funds to state the extent to which they comply with guidance given by the Scottish Ministers.

The Scottish Ministers guidance refers to the six revised principles on investment decision making contained within CIPFA publication "Investment Decision Making and Disclosure in the Local Government Pension Scheme: A Guide to the Application of the Myners Principles" (December 2009).

Principle 3: Risk and Liabilities (paragraph 98) states that "The annual report of a pension fund should include an overall risk assessment in relation to each of the fund's activities and factors expected to have an impact on the financial and reputational health of each fund. This could be done by summarising the contents of a regularly updated risk register. An analysis of the risks should be reported periodically to the committee, together with necessary actions to mitigate risk and assessment of residual risk".

The initial Tayside Superannuation Funds Risk Register (Article III of the Minute of Meeting of the Superannuation Sub-Committee of the Policy and Resources Committee of 21 February 2011, Report No 114-2011 refers) requires conformity with the Statements of Investment Principles for the Tayside Pension Fund.

In 2021, an internal audit review of Risk Management and Regulatory Compliance was completed and the findings were reported to the Pension Sub-Committee & Board (Article IX of the Minute of Meeting of the Pension Sub-Committee of the Policy and Resources Committee & Pension Board of 21 March 2022, Report No 87-2022 refers). The review suggested the following changes be made to the risk register:

- Update of current risk descriptions to use cause, event and consequence format
- Addition of risks not specified within current risk register
- Implementation of a revised risk scoring matrix specific to Tayside Pension Fund

All risks and controls have been reviewed and rescored accordingly.

5 POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has

not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

6 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

7 BACKGROUND PAPERS

None

ROBERT EMMOTT
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

29 NOVEMBER 2024



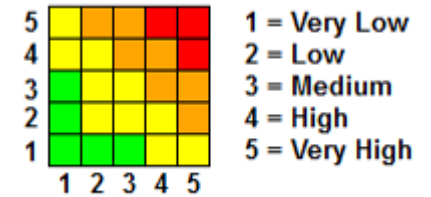
Quarterly Risk Report

Report Type: Tayside Pensions Fund Risks Report

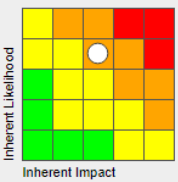
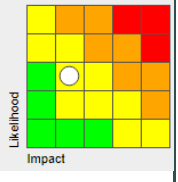
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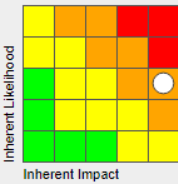
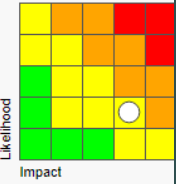
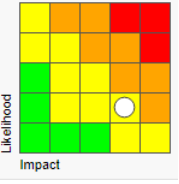
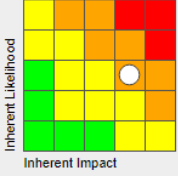
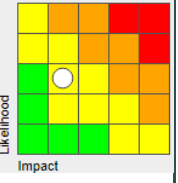
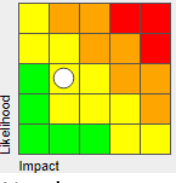
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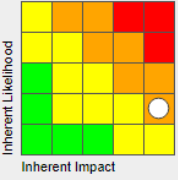
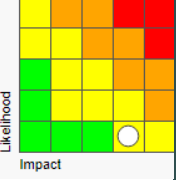
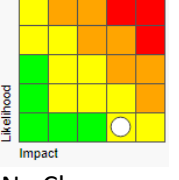
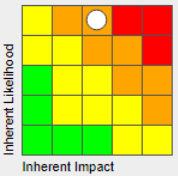
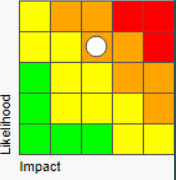
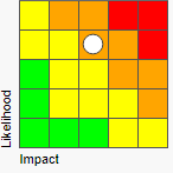
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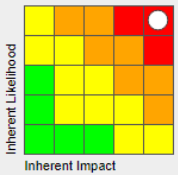
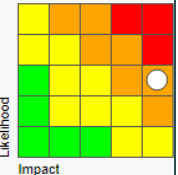
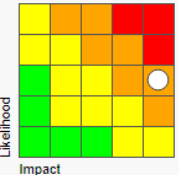


Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
<p>Pension Administration (Risk appetite - minimalist)</p> <p>1.Failure to process pension payments and lump sums on time</p>	<ul style="list-style-type: none"> Non-availability of pension / payroll systems Resource unavailable New staff undertaking duties Increased workload Failure to gain relevant information from employers to enable processing 	<ul style="list-style-type: none"> Processing delays Processing errors Retiring members will be paid late Reputational risk for the Fund Breach of statutory requirements 	<ul style="list-style-type: none"> Financial implications for members. Loss of stakeholder confidence. Financial cost to the fund if interest has to be paid to members. Regulatory action 		<ul style="list-style-type: none"> Regular update & maintenance of Altair & Resourcelink Standardised processes & independent review of calculations Sufficient staff cover arrangements Task prioritisation Contingent measures to prevent financial detriment 		 <p>No change</p>

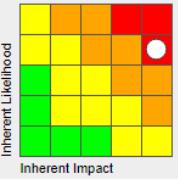
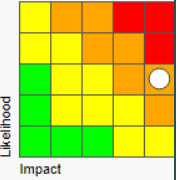
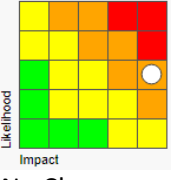
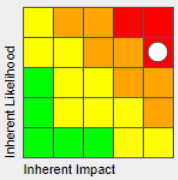
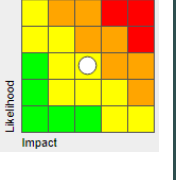
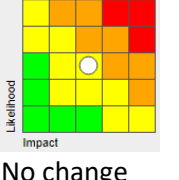
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
<p>Funding - Employer related (Risk appetite - cautious)</p> <p>2.Failure to collect and account for contributions from employers and employees on time</p>	<ul style="list-style-type: none"> Non-availability of financial system (Fund and employer) Resource unavailable New staff undertaking duties Failure to communicate with employers effectively Failure of employer to provide required information Failure of employer to make financial settlement 	<ul style="list-style-type: none"> Adverse audit opinion Breach of statutory requirements Knock on effect on reporting requirements Financial impact as insufficient cashflow to meet monthly pension payments without unplanned sale of assets 	<ul style="list-style-type: none"> Requirement for report of regulatory breach & subsequent action if required Potential delays to employers' FRS17 year-end accounting reports Loss of stakeholder confidence Recovery / legal action required Opportunity cost of lost investment income 	 <p>Inherent Risk matrix: Likelihood (Y-axis: Low, Medium, High), Impact (X-axis: Low, Medium, High). White dot is in the High Likelihood, High Impact cell (Red).</p>	<ul style="list-style-type: none"> Robust maintenance and update of Resourcelink and Authority Financials systems Sufficient staff cover arrangements Staff training and checking of work. Ongoing employer communication to ensure they understand responsibilities to pay by the 19th of the month. Contribution tracker system Introduction of employer contribution payment flexibility within financial year (subject to agreement) 	 <p>Residual Risk matrix: Likelihood (Y-axis: Low, Medium, High), Impact (X-axis: Low, Medium, High). White dot is in the Medium Likelihood, Medium Impact cell (Yellow).</p>	<p>No change</p>

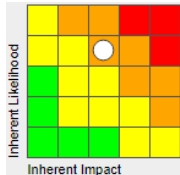
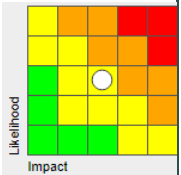
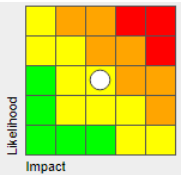
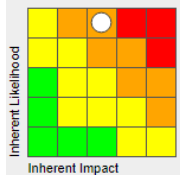
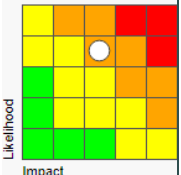
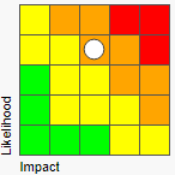
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
<p>Funding - Liquidity (Risk appetite - averse)</p> <p>3. Insufficient funds to meet liabilities as they fall due</p>	<ul style="list-style-type: none"> Contribution levels are inadequate Contributions Investment strategy fails to deliver adequate returns Significant changes in member profile (i.e. rapid maturing of fund liabilities) Significant increases in actuarial assumptions (i.e. longevity). 	<ul style="list-style-type: none"> Rise in employer contribution rate required Unplanned asset sales required to meet Revision of Funding and Investment strategies required 	<ul style="list-style-type: none"> Inability to meet overall strategic objectives Immediate cash injections would be required from employers by means of contributions Reduced funding levels Lost investment income from unplanned asset sales Transaction costs associated with changing strategies 		<ul style="list-style-type: none"> Funding Strategy Statement Investment Strategy Ongoing advice from investment consultants, etc. Suitable policies & strategies in place to prevent Regular monitoring of asset / liability valuations Triennial actuarial valuations 		 <p>No Change</p>
<p>Operational (Risk appetite - minimalist)</p> <p>4. Inability to maintain service due to loss of main office, computer system or staff</p>	<ul style="list-style-type: none"> Fire, bomb, flood, etc. Staff unable to access office (i.e. public health restrictions) IT system / network outage 	<ul style="list-style-type: none"> Temporary loss of service provision. Delayed payments & processing Retiring staff will be paid late Reputational risk for the Fund Breach of statutory requirements 	<ul style="list-style-type: none"> Financial implications for members. Loss of stakeholder confidence. Financial cost to the fund if interest has to be paid to members. Regulatory action 		<ul style="list-style-type: none"> DCC business continuity plan (top priority) Contractual agreement with system provider Daily back up and contingent procedures Back-up server located in different building 100% staff remote working capabilities 		 <p>No change</p>

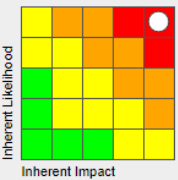
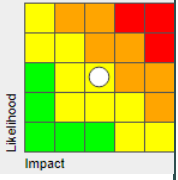
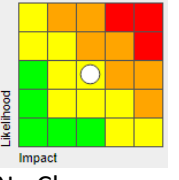
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
<p>Operational (Risk appetite - minimalist)</p> <p>5.Loss of funds through fraud or misappropriation</p>	<ul style="list-style-type: none"> Fraud or misappropriation of funds by staff/employer/ 3rd party service provider 	<ul style="list-style-type: none"> Financial loss to the fund Reputational risk for the Fund Adverse audit opinion Breach of statutory requirements Enforcement action 	<ul style="list-style-type: none"> Requirement for report to regulator & subsequent action if required Criminal investigation Loss of stakeholder confidence Recovery / legal action required 		<ul style="list-style-type: none"> Internal and external audit regularly test that appropriate controls are in place and working effectively. Regulatory control reports from investment managers, custodian, etc are also reviewed by audit. Due diligence carried out when a new manager is appointed. Reliance also placed on Financial Conduct Authority registration & requirements. 		 <p>No Change</p>
<p>Funding - Employer related (Risk appetite - cautious)</p> <p>6.Employers unable to participate in scheme</p>	<ul style="list-style-type: none"> Employer liabilities increase disproportionately as a result of changed member profiling 	<ul style="list-style-type: none"> Employers unable to maintain contributions Employers exit from fund Employer cannot meet 	<ul style="list-style-type: none"> Inability to meet overall strategic objectives Financial loss to fund, triggering asset sales to meet pension payments 		<ul style="list-style-type: none"> Full Actuarial Valuation undertaken every 3 years (employers advised of liability) 		 <p>No Change</p>

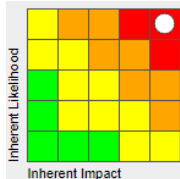
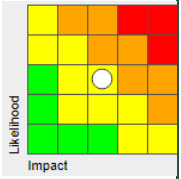
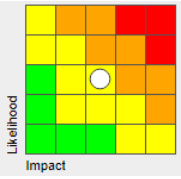
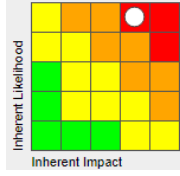
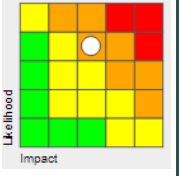
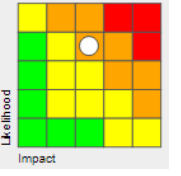
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	<ul style="list-style-type: none"> Employer liabilities increase disproportionately as a result of external factors (i.e. change in bond yields) Reduced asset values in relation to liabilities due to external factors 	liabilities on exit	<ul style="list-style-type: none"> Fund profile changed as a result of employer exit Insolvency of employer Recovery of liabilities in liquidation 		<ul style="list-style-type: none"> Funding Strategy enables exit at minimum risk. Independent covenant and financial settlement assessment on affordability Employer contribution payment flexibility within financial year (subject to agreement) Employer / fund communications and relationship management 		
<p>Funding - Investment (Risk appetite - open)</p> <p>7. Significant rises in employer contributions due to poor/negative investment returns</p>	<ul style="list-style-type: none"> Poor economic conditions Inappropriate investment strategy Poor selection / performance of investment managers 	<ul style="list-style-type: none"> Financial impact as a result of poor/negative investment returns Revision of investment strategy required Dismissal of investment managers 	<ul style="list-style-type: none"> Inability to meet overall strategic objectives Reduced funding level Increased contributions required Transaction costs on change of strategy or investment manager 		<ul style="list-style-type: none"> Performance & funding levels monitored on an ongoing quarterly basis Investment & Funding strategies reviewed and assessed independently Diversified range of investment managers over 		 <p>No change</p>

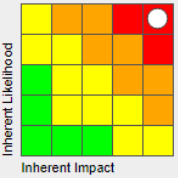
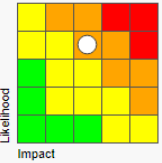
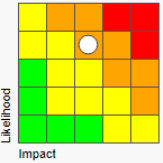
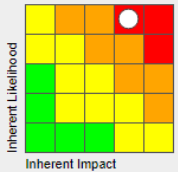
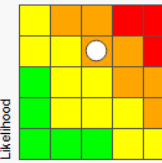
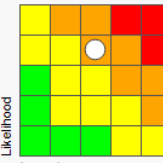
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
					different asset classes <ul style="list-style-type: none"> 10% asset shock reserve 		
Operational (Risk appetite - minimalist) 8.Failure of global custodian	<ul style="list-style-type: none"> Financial collapse of global custodian or failure to safeguard assets or records 	<ul style="list-style-type: none"> Financial loss to the fund. Loss of information required for statutory and accounting purpose 	<ul style="list-style-type: none"> Inability to meet overall strategic objectives Severe service disruption as a result of recovery action Statutory breaches 		<ul style="list-style-type: none"> Legal agreement with custodian. Credit rating monitored on an ongoing basis. Regulated by Financial Conduct Authority. Assets not on custodian balance sheet. 		<p>No Change</p>
Funding - Investment (Risk appetite - open) 9.Failure of Investment Manager	<ul style="list-style-type: none"> Substantial decline of global financial market Economic factors impacting on asset class Under performance of investment manager 	<ul style="list-style-type: none"> Financial loss to the fund Reduced asset returns Investment outflows from investment manager portfolio Termination of mandate with investment manager 	<ul style="list-style-type: none"> Inability to meet overall strategic objectives Reduced funding level Increased employer contribution levels Required appointment of alternative investment manager Transaction costs associated with change 		<ul style="list-style-type: none"> Performance monitored on an ongoing quarterly basis. Diversified range of asset classes. Advice provided by Investment Consultant. 		<p>No Change</p>

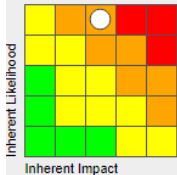
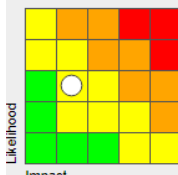
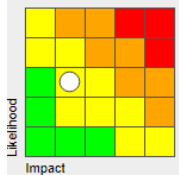
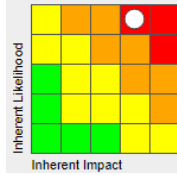
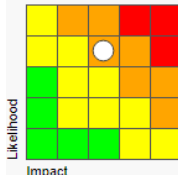
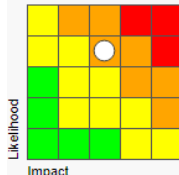
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
<p>Funding - Investment (Risk appetite - open)</p> <p>10.Equity Risk</p>	<ul style="list-style-type: none"> Market sector falls substantially as a result of global economic factors 	<ul style="list-style-type: none"> Financial loss to the fund 	<ul style="list-style-type: none"> Inability to meet overall strategic objectives Reduced funding level Increased employer contribution levels 		<ul style="list-style-type: none"> Performance monitored on an ongoing quarterly basis. Investment strategy with diversified range of asset classes and long-term investment objectives. Advice provided by Investment Consultant. Fund officers remain in close communications with investment managers 10% volatility reserve 		 <p>No Change</p>
<p>Governance (Risk appetite - minimalist)</p> <p>11.Failure to comply with changes to LGPS regulations and other new regulations / legislation</p> <p>Specifically:</p> <ul style="list-style-type: none"> GMP McCloud Pensions Dashboard 	<ul style="list-style-type: none"> Significant changes to scheme & regulations which staff are unfamiliar with Failure in readiness for changes Lack of technical expertise / training 	<ul style="list-style-type: none"> Incorrect calculations Delays in processing Statutory breaches Reputational risk 	<ul style="list-style-type: none"> Financial implications for members. Loss of stakeholder confidence. Financial cost to the fund if interest has to be paid to members. Regulatory action 		<ul style="list-style-type: none"> Verification process in place within Pensions section Staff training Audited key processes reviewed prior to significant changes Recruitment exercises as required 		 <p>No change</p>

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	<ul style="list-style-type: none"> Inadequate procedures / process Lack of resources Error in interpreting requirements IT systems not updated to reflect changed requirements 				<ul style="list-style-type: none"> Robust system maintenance & upgrade Specialist advice used as required to ensure correct interpretation Performance monitoring Project management for implementation of key changes / exercises 		
<p>Governance (Risk appetite - minimalist)</p> <p>12.Failure to comply with governance best practice</p> <p>Specifically:</p> <ul style="list-style-type: none"> TPR New Draft Code of Practice TPR Good Governance project outcomes 	<ul style="list-style-type: none"> Failure to implement requirements Inadequate processes / procedures Inadequate training as to changed requirements 	<ul style="list-style-type: none"> Breach of statutory requirements Sub-standard service to members and employers Reputational risk for the Fund 	<ul style="list-style-type: none"> Regulatory action Loss of stakeholder confidence 		<ul style="list-style-type: none"> Staff training Audited key processes reviewed prior to significant changes Specialist review and advice 		 <p>No Change</p>
<p>Pension Administration (Risk appetite - minimalist)</p> <p>13.Failure to provide quality service to members</p>	<ul style="list-style-type: none"> Inadequate administration & communication policies Lack of resources 	<ul style="list-style-type: none"> Reputational risk for the Fund Processing delays & errors Late payments 	<ul style="list-style-type: none"> Financial implications to members Loss of stakeholder confidence 		<ul style="list-style-type: none"> Key policies reviewed and updated annually or sooner if required Recruitment exercises as required in 		 <p>No Change</p>

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	<ul style="list-style-type: none"> Lack of staff skills / knowledge Lack of training Ineffective processes & procedures Poor communication documentation Unanticipated workloads 	<ul style="list-style-type: none"> Sub-optimal decision making Reputational risk for the Fund 			<ul style="list-style-type: none"> keeping with statutory requirements Ongoing staff training and support Key processes audited and reviewed annually Communication / documentation reviewed regularly and updated Weekly work allocation to prioritise and avoid bottlenecks 		
<p>Operational (Risk appetite - minimalist)</p> <p>14.Failure to hold personal data securely</p>	<ul style="list-style-type: none"> Insufficient system abilities re security of data Sub-standard retention processes & procedures Inadequate data retention policy, backup and recovery procedures Change of retention requirements 	<ul style="list-style-type: none"> Data lost or compromised Incorrect member records Processing delays & errors Retiring staff will be paid late Reputational risk for the Fund Breach of statutory 	<ul style="list-style-type: none"> Financial impact to members Loss of stakeholder confidence. Financial cost to the fund if interest has to be paid to members. Regulatory action 		<ul style="list-style-type: none"> Data security system settings & controls Data retention policy & processes / back up & recovery procedures 		 <p>No Change</p>

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
		requirements					
Operational (Risk appetite - minimalist) 15.Cybercrime	<ul style="list-style-type: none"> Inadequate system abilities re security of data Inadequate controls and security protocol 	<ul style="list-style-type: none"> Data lost or compromised Incorrect member records Processing delays & errors Retiring staff will be paid late Reputational risk for the Fund Breach of statutory requirements 	<ul style="list-style-type: none"> Financial impact to members Loss of stakeholder confidence. Financial cost to the fund if interest has to be paid to members. Regulatory action 		<ul style="list-style-type: none"> Data security system settings & controls Data back-up & recovery procedures 		 No Change
Pension Administration (Risk appetite - minimalist) 16.Failure to keep pension records up-to-date and accurate	<ul style="list-style-type: none"> Non-availability of pension / payroll systems Resource unavailable New staff undertaking duties Increased workload Failure to gain relevant information 	<ul style="list-style-type: none"> Processing delays Processing errors Retiring members will be paid late Reputational risk for the Fund Breach of statutory requirements 	<ul style="list-style-type: none"> Financial implications for members Loss of stakeholder confidence Financial cost to the fund if interest has to be paid to members Regulatory action 		<ul style="list-style-type: none"> System contingency / recovery prioritised Service prioritisation / allocation Staff training Scheduled communications / updates from employers 		 No Change

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	from employers to enable processing						
<p>Governance (Risk appetite - minimalist)</p> <p>17.Lack of expertise on Pension Committee, Pension Board or amongst officers</p>	<ul style="list-style-type: none"> Lack of training & continuous professional development Loss of key individuals 	<ul style="list-style-type: none"> Detrimental decision making Reputational risk for the Fund Breach of statutory requirements Failure to meet objectives 	<ul style="list-style-type: none"> Financial loss Inability to meet overall strategic objectives Increase in employer contribution requirements Regulatory action Loss of stakeholder confidence 		<ul style="list-style-type: none"> Key policies and governance arrangements independently audited and reviewed Key officer meets Markets in Financial Instruments Directive (MIFIID) professional investor requirements Training & support External specialist advice 		 <p>No Change</p>
<p>Governance (Risk appetite - minimalist)</p> <p>18.Over reliance on key officers</p>	<ul style="list-style-type: none"> Loss of key individuals Inability to recruit individuals with specialist skills & experience Inadequate governance arrangements Lack of specialist 	<ul style="list-style-type: none"> Detrimental decision making Reputational risk for the Fund Breach of statutory requirements Failure to meet objectives 	<ul style="list-style-type: none"> Financial loss Inability to meet overall strategic objectives Increase in employer contribution requirements Regulatory action Loss of stakeholder confidence 		<ul style="list-style-type: none"> Key policies and governance arrangements independently audited and reviewed Knowledge & experience of staff External specialist advice 		 <p>No Change</p>

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	advisors to support				<ul style="list-style-type: none"> Peer support from other LGPS 		
<p>Governance (Risk appetite - minimalist)</p> <p>19. Failure to communicate adequately with stakeholders</p>	<ul style="list-style-type: none"> Inadequate communication policy Inadequate processes & protocols with employers and scheme members 	<ul style="list-style-type: none"> Scheme members not aware of their rights Employers not aware of regulations, procedures, etc. Reputational risk Breach of statutory requirements 	<ul style="list-style-type: none"> Sub-optimal decision making resulting to financial detriment of members Errors in members calculations Loss of stakeholder confidence Regulatory action 		<ul style="list-style-type: none"> Communications policy Standard documentation & communications Website information Standard key processes & protocols Employer communications (e mails / info sessions / documentation / guidance) Adequately trained staff 		 <p>No Change</p>
<p>Funding - Employer related (Risk appetite - cautious)</p> <p>20. Employer Covenant Risk</p>	<ul style="list-style-type: none"> Change in employer actuarial profile which has resulted in significant increase in liability Unsuitable guarantee / financial health of employer 	<ul style="list-style-type: none"> Employers unable to financially provide for exit liability 	<ul style="list-style-type: none"> Inability to meet overall strategic objectives Financial impact on overall funding level Remaining employers required to accommodate the shortfall via increased contribution 		<ul style="list-style-type: none"> Government or local authority guarantees, bonds or securities over assets Independent covenant review and financial assessments to identify Funding strategy to enable exit at minimal risk to 		 <p>No Change</p>

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
					remaining employers <ul style="list-style-type: none"> Affordable payment schedule independently assessed 		
Governance (Risk appetite - minimalist) 21.Risks in relation to use of 3 rd party service providers	<ul style="list-style-type: none"> Inadequate policy Poor due diligence and selection processes Poor contract management 	<ul style="list-style-type: none"> Poor decision making Failure of supplier adhering to contractual agreement Reputational risk 	<ul style="list-style-type: none"> Financial detriment to the fund Loss of stakeholder confidence 		<ul style="list-style-type: none"> Procurement policy Contracts database Documented contract management protocol Use of national frameworks 		 No change
Funding - ESG (Risk appetite - cautious) 22.Failure to implement ESG Policy (specifically in relation to Climate Change and incoming requirements of TCFD)	<ul style="list-style-type: none"> Inadequate policy & practices Failing to understand incoming requirements Failing to plan and implement changes required Lack of knowledge & skills 	<ul style="list-style-type: none"> Poor decision making Non-compliant actions being taken Statutory breach Reputational risk 	<ul style="list-style-type: none"> Failing to meet strategic objectives Regulatory action Loss of stakeholder confidence 		<ul style="list-style-type: none"> Regularly reviewed policies, processes and reporting Project plans to meet changing requirements Specialist advice as required Training 		 No Change

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ITEM No ...5.....

REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 9 DECEMBER 2024

REPORT ON: PENSION ADMINISTRATION PERFORMANCE – QUARTERLY UPDATE TO 30 SEPTEMBER 2024

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 348-2024

1. PURPOSE OF REPORT

This report provides information on the recent quarter's operational performance in relation to Pension Administration and other general developments in this area over the above period.

2. RECOMMENDATIONS

The Sub-Committee is asked to note the contents of the report.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications.

4. BACKGROUND

This report focusses on statutory performance and is subject to ongoing review and development that will aim to provide enhanced reporting functionality that can be prepared efficiently and also improve the quality of information on administration performance and compliance that is presented to members for scrutiny.

5. SERVICE SUMMARY

- Summary of Statutory Performance Requirements**

The following table summarises the performance of the fund administration against statutory requirements:

	Received ⁽¹⁾			Completed ⁽²⁾			Statute Days ⁽³⁾	Days to Complete Q3 ⁽⁴⁾	Cases Out with Statute at end of Q3 ⁽⁵⁾
	Q2	Q3	% Change	Q2	Q3	% Change			
Starter	357	1,031	189%	357	1,026	187%	60	20	-
Estimate	242	190	(21%)	253	273	8%	60	76	6
Options	487	552	13%	538	541	1%	60	62	9
Actual	285	366	28%	296	346	17%	60	18	-
TV In	31	38	23%	46	26	(43%)	60	50	-
TV Out	136	196	44%	136	153	13%	90	53	-
Deferred	243	220	(9%)	230	215	(7%)	60	38	3
Death	174	165	(5%)	177	170	(4%)	60	16	-
Death Grant	33	34	3%	39	25	(36%)	60	43	-
Dependant	55	53	(4%)	65	64	(2%)	60	30	-
Divorce	12	11	(8%)	24	13	(46%)	90	41	2
Total	2,055	2,856	39%	2,161	2,852	32%			20

Key:

Q2 denotes April to June 2024 period.

Q3 denotes July to September 2024 period.

- 1) Reflects total number of cases received in each period and movement %
- 2) Reflects total number of cases completed in each period and movement %
- 3) Reflects the statutory target timescale to deal with each case
- 4) Reflects the average number of days take to complete each case during the quarter
- 5) Reflects the number of individual cases that were not dealt with in the statutory time at the end of the quarter

The following provides further detail on statutory task data:

Overall Caseload:

Case volumes increased in comparison to the last quarter by 39%. There were 20 cases that were outwith statute at the end of the period. All efforts are continually made to ensure that all cases are completed within the statutory period, however, with the training of staff in new roles whilst also dealing with high call and email volumes this is impacting on resources available. There are ongoing actions including recruitment of 2 posts within the team to improve overall performance.

Prioritised Tasks:

- **Issue of Pension Options & Pensions Brought into Payment**
 - There was an increase in pension options received this quarter by 13%, along with an increase of 1% of options processed. The average number of days for processing these cases also decreased by 23%
 - The team increased the volume of pensions brought into payment by 17% in the quarter, this was consistent with the last quarter. The average number of days for processing remained at 18 days
- **Processing of Death Benefits, Payments of Death Grants, and Dependant Pensions**
 - Case volumes remain consistent across all 3 areas from the previous quarter.
 - The team ensure that these cases are prioritised to minimise any undue distress to families at a difficult time.

Other Statutory Tasks:

- **New Member Processing:** The team continue to see the benefits of the new workflow procedure in this area, there was an increase in new joiner details being provided by employers of 189% this quarter and the average days to complete was 20
- **Estimates:** Cases received during the quarter dropped by 21%. An increase of 8% of estimates were issued to members and the days to complete decreased by 18%
- **Deferred Member Processing:** Case levels remain consistent with a slight increase in the number of days to complete due to some complex cases being received in the quarter.
- **Outbound Benefit Transfers:** There was an increase of 44% in cases received, along with an increase of 13% completed
- **Inbound Benefit Transfers:** There was an increase in case volumes of 23%, cases in this area are still affected by McCloud.
- **Divorces:** Days to process dropped by 55%, these case volumes remain low. However, these calculations can be complex and time consuming to undertake.

5.1 Other Pension Operations

The following table summarises the other operations undertaken in addition to statutory requirements:

	Received ⁽¹⁾			Completed ⁽²⁾			Days to complete ⁽³⁾		
	Q2	Q3	% Change	Q2	Q3	% Change	Q2	Q3	% Change
Amendment to Account	1,318	3,500	166%	1,350	1,345	0%	18	27	50%
Certificates	252	77	(69%)	73	218	299%	15	34	122%
Other Admin Tasks	954	686	(28%)	883	594	(33%)	45	24	(47%)
Other pensions processing	1,055	1,564	48%	1,140	640	(44%)	179	213	19%

Q2 denotes April to June 2024 period.

Q3 denotes July to September 2024 period.

- 1) Reflects total number of cases received in each period and movement %
- 2) Reflects total number of cases completed in each period and movement %
- 3) Reflects the average number of days take to complete each case during the quarter and movement %

5.2 Employer Contributions

For the period July-September covering the payroll periods of June to August we received 2 Late payments and 1 late submission of the TPF91 form which is required to be provide with the supporting details for payment to the fund.

1 employer continues to be an issue with payments being dealt with through a payment plan, the fund are in contact with the employer on this and any relevant updates will continue to be provided in future reports.

Employers and Member Online Portals:

5.3 Member Self Service Update

On 30th September 2024 there were 17,494 members registered for the Member Self Service Portal (MSS). This is an increase from the last quarter of 1,448 new members registered. This increase will be mainly due to new members registering to receive their Annual Benefit Statement online.

5.4 I-Connect Update

All employers have used I-Connect in this quarter. However, for some employers this was only for the end of year upload process. A few employers are experiencing issues using I-Connect on a monthly basis due to the reporting of the data but these employers are engaging with Tayside Pension Fund and are working together to get this resolved.

5.5 Call Centre

Inbound calls have increased this quarter, with the total calls answered amounting to 3052 which is an increase of 73 calls from the last quarter. This equals 561 hours of staff time being spent on calls and continues to be a major resource for the team.

5.6 Compliance

National Fraud Initiative: 5 cases remain outstanding at the end of this quarter and Tayside Pension Fund will liaise back to the Dundee City Council fraud section regarding these where appropriate.

5.7 Recruitment

- Interviews for the vacant clerical post took place in September and the successful candidate will be starting in the next quarter.
- As part of the ongoing resource review, the management team met Strathclyde Pension Fund to look at how they are resourced and structured. Further updates will be provided in future reports.
- Internal recruitment was undertaken for the acting up for 3 staff into Senior Pension Assistant roles, and successful candidates are now in position.

5.8 Queries & Complaints

- 6,464 emails were received into the generic mailbox in the quarter up to the 30th September 2024, this equates to approximately 99 emails per working day. This quarter saw an increase of 2,175 emails, with this increase being mainly due to providing members with their Annual Benefit Statements. Emails continue to require a significant resource within the team and this is mainly due to the considerable amount of time to review member records and ensure that a full response is provided.
- Complaints to Prudential: No escalated complaints received.
- GDPR: No GDPR breaches within this quarter.
- Complaints: During the quarter there were no complaints

5.9 Staff Training

- In House Training

Training continues to be an ongoing resource within the team, as staff members take on additional responsibilities. Peer to peer training is delivered by experienced staff and whilst this training is invaluable to the team, it is recognised the impact this has on caseloads. This will be reviewed in the wider resource review.

In July 2024, two members of the senior team attended the Heywood AGM. This two-day event provide workshops on digital security, AI, reducing backlogs, insights, dashboards, McCloud. This event is also a platform for designing future system amendments and enhancements.

5.10 Employers/Employee meetings

2 meetings were held with different employers on the Voluntary Early Retirement processes in place for employers and to advise what the member criteria is for accessing pension benefits are and how the employer would obtain details for the employer costings from the fund.

5.11 End of Year Update

All end of year reports from employers were submitted by the end of the quarter to allow the Annual Benefit Statement process to be completed successfully.

5.12 Annual Benefits Statements

Election forms continued to be issued at the beginning of this quarter, in July an additional 3955 forms were posted for active members with a further 4,169 being issued to deferred members.

Annual Benefit Statements must be issued by the 31st August annually and this statutory deadline was met.

	Active Members	Deferred Members	Active Councillors	Deferred Councillors
Generated	19,011	10,106	86	21
Post	1,579	893	6	2
MSS - email issued	10,445	4,579	34	11
MSS - no contact email on file	6,987	4,634	46	8

All statements were published to MSS with emails issued to all registered members to advise that statements were available for viewing.

6. MCCLLOUD UPDATE

- Employers

We continue to await information from some employer on change in hours and service breaks for members. We are actively liaising with employers to receive this information but understand this is a significant task for payroll departments due to having to provide information from the 1st April 2015 up to 31st March 2022.

- Update on transfers

Non Club transfer out calculations are now being undertaken as business as usual for any new requests made by members affected by McCloud. Scottish LGPS funds continue to work together to create a resource for Club calculation due to the complexity of this calculation.

- McCloud implementation statutory guidance

The SPPA issued final statutory guidance on McCloud implementation. The guidance is intended to support administering authorities implement the McCloud remedy by providing:

- Scottish Ministers' view on the approach that should be taken in certain types of cases to achieve consistent application of the remedy across the LGPS
- additional guidance on how certain technical issues that may arise should be approached. The guidance is an adapted version of the guidance DLUHC sent to administering authorities in England and Wales.

7. UPDATE ON THE EXIT CREDITS CONSULTATION

The Policy Officer at the Scottish Public Pensions Agency (SPPA), emailed administering authorities on 1 July 2024, giving an update on the recent consultation on exit credits.

It was advised that they were considering a larger than expected number of comments received during the consultation and they intend to have further dialogue with stakeholders and the Scheme Advisory Board has set up a subgroup which is currently working on draft guidance. Therefore possible changes to the draft regulations have been put on hold over the summer recess. This delay will affect the 'coming into force' date but is unlikely to affect the 'effective' date, as set out in the draft regulations.

The SPPA consulted on the changes between 9 May 2024 and 30 May 2024.

8. UPDATED TRIVIAL COMMUTATION ACTUARIAL GUIDANCE

SPPA issued new actuarial guidance on trivial commutation on 24 July 2024 which took effect immediately. The guidance:

- provides additional information on how the McCloud remedy affects trivial commutation calculations

- clarifies that authorities must request factors on a case-by-case basis from GAD (via SPPA) for all members who retired in ill health looking to commute, regardless of whether the member is under or over age 55.

9. FIRE SCOTLAND – CONSOLIDATION OF FUND

Fire Scotland are to consolidate its Local Government Pension Scheme administration to one Fund for financial and administrative benefits. At present the Service participates in the eight LGPS Funds in Scotland and, since their Reform in 2013, have placed new employees into the LGPS based on the location of the employee's work base.

However, due to the geographical areas of work locations changing there are now LGPS Funds that have reduced numbers of new members, and Fire Scotland were faced with the risk of a cessation event being triggered by some Funds in the future.

A feasibility study was undertaken by Barnett & Waddingham in 2022 to advise Fire Scotland on any benefits and costs associated with consolidating the Funds. The feasibility study recommended that there could be substantial financial and administrative benefits from consolidating the Funds from the current eight to one Fund and after some consideration it was decided that the Service would consolidate its membership to Strathclyde Pension Fund.

Over this quarter Tayside Pension Fund have been working with the fund actuaries to consolidate the information required for the upcoming transfer of members.

The transfer is to take place at the 31st January 2025 and correspondence to Fire Scotland members has been issued to advise of the transfer of their pension benefits to Strathclyde Pension Fund.

Further updates will be provided in future reports.

10. SPPA CIRCULAR 2024/05 & CONSULTATION ON DRAFT REGULATIONS

- On 31 July 2024, the Scottish Public Pensions Agency (SPPA) issued Circular 2024/05. The circular confirms the following:
 - SPPA will shortly consult on regulations to remove the requirement to include underpin information in the 2024 annual benefits statements.
 - These regulations were not available before the deadline for those statements (31 August 2024). Therefore, all administering authorities should report the breach to the Pensions Regulator
 - The consultation will also consider whether to give administering authorities discretionary power to exclude underpin information in the 2025 statements for certain members.
 - SPPA will also consult on amending the regulations that set out the special interest rules for McCloud recalculations to align with the equivalent rules for LGPS England and Wales.

In accordance with this circular Tayside Pension Fund reported the breach to the Pension Regulator as they did not include McCloud underpin information in the 2024 Annual Benefit Statement.

- On 2 September 2024, the Scottish Public Pensions Agency (SPPA) launched a consultation on the draft LGPS (Remediable Service) (Amendment) (Scotland) Regulations 2024. The draft regulations aim to implement the proposals set out in SPPA Circular 2024/05. The regulations also propose further minor technical amendments.

The consultation closes on 28 October 2024.

11. THE PENSION REGULATOR (TPR) – GENERAL CODE OF PRACTICE

On the 28th March 2024 the single General Code of Practice came into effect and is categorised into 5 key areas:

- The Governing Body
- Funding and Investment

- Communication and Disclosure
- Administration
- Reporting to TPR

The General Code provides LGPS funds with a strong framework to assess existing fund compliance levels concerning the running of the Fund, managing advisers and service providers, risk management and, importantly, the administration of the scheme for members.

Tayside Pension Fund are taking steps to ensure compliance with the General Code of Practice and updates on this will be provided as they progress.

12. REGULATIONS

Details of regulatory matters are contained in Appendix 1.

13. POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

14. CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

15. BACKGROUND PAPERS

None

ROBERT EMMOTT

EXECUTIVE DIRECTOR OF CORPORATE SERVICES

29 November 2024

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REGULATORY COMMUNICATIONS

Wider Landscape

HMRC

Public service pensions remedy newsletter

HMRC published the latest public service pensions remedy newsletter on 23 July 2024. The newsletter covers:

- improvements to the 'calculate your public service pension adjustment service' planned for September when the service re-opens
- a reminder about the interim process for members while the service is unavailable
- a request for volunteers to email publicservicepensionsremedy@hmrc.gov.uk if they would like to influence the development of the service
- a reminder to email publicservicepensionsremedy@hmrc.gov.uk with any questions about legislation, guidance, processes and digital service related to the remedy

[Public service pensions remedy newsletter — July 2024 - GOV.UK](#)

Abolition of the lifetime allowance – plans for new legislation

HMRC has acknowledged that there are technical inaccuracies in the legislation introduced to implement the new regime following the abolition of the lifetime allowance. It plans to introduce new legislation to address these issues after the parliamentary recess. HMRC is undertaking a short technical consultation on the draft legislation over the summer.

Some of the changes relate to transitional tax-free amount certificates (TTFACs). These include:

- members who hold a TTFAC will have to supply a copy to all their pension scheme administrators
- members will have to tell those administrators if their TTFAC is cancelled
- pension schemes will only have to convert a lifetime allowance percentage to a lump sum amount if they are aware that the member is relying on a TTFAC.

The current legislation requires that lifetime allowance percentages reported annually must all be converted to a lump sum amount and this is reflected in the current version of the abolition of the lifetime allowance guide. This guide will be updated when the new legislation is in force.

New Pensions Minister

On 9 July 2024, Emma Reynolds MP was appointed Parliamentary Secretary across both HM Treasury and the Department for Work and Pensions (DWP). Emma has ministerial responsibility for pensions.

Newsletter 161

HMRC published Newsletter 161 on 7 August 2024. The newsletter includes articles on:

- Lifetime allowance abolition: HMRC will address technical inaccuracies in the current legislation through new regulations, which will be introduced as soon as the parliamentary timetable allows after the summer recess. A short technical consultation was held in August on draft regulations with certain industry representatives.
- Managing pension schemes service: A reminder to act now to migrate to the Managing pension scheme service

[Newsletter 161 — August 2024 - GOV.UK](#)

Newsletter 162

HMRC published Pension schemes newsletter 162 on 17 September 2024. The newsletter includes articles on:

- Lifetime allowance abolition: following the informal consultation conducted in August, new regulations will be introduced 'as soon as parliamentary time allows'.
- Lump sum reporting workshop: will be held in October.
- LTA protections look-up service: will allow administrators to use the Managing pension schemes service to check that protection a member is relying on for a higher lump sum is valid.
- Managing pension schemes service

[Pensions schemes newsletter 162 — September 2024 - GOV.UK](#)

Public service pensions remedy newsletter

On 19 September 2024, HMRC published the September 2024 Public service pensions remedy newsletter. The newsletter covers:

- Calculate your public service pension adjustment service
 - the service is now available following a temporary closure
 - HMRC has introduced a 'triage' service to help members decide whether they need to use the service
 - members who sign in using their Government Gateway username and password can 'save and return' to their submission, but must complete it within nine months
 - members will no longer be asked for their original pension input amounts for the years 2015/16 to 2021/22
 - a new process for members affected by the tapered annual allowance and for cases where a tax charge paid by the scheme decreases because of the remedy
 - members can use the service to declare an annual allowance tax charge rather than having to declare it on their self-assessment return.
- Reporting interest as savings income: HMRC has published guidance on interest paid to members relating to the remedy, including the requirement for members to report and pay tax on certain payments.
- Reclaiming unauthorised payments charges: which applies to unfunded pension schemes where the member received a lump sum that exceeded the maximum limit to be paid tax-free.

[Public service pensions remedy newsletter — September 2024 - GOV.UK](#)

- **McCloud**

Updated and new actuarial guidance

- On 3 September 2024, new GAD guidance was issued for applying the McCloud remedy to retrospective cases, which took effect immediately.
- On 11 September 2024 updated transfer GAD guidance was issued. The guidance has been updated to correct errors in the examples and to clarify how to calculate a CETV for a member with underpin protection who is over their critical retirement age or normal pension age for all or part of their pension.

Pension Dashboards

Pensions Dashboards Programme (PDP)

PDP updated the draft code of connection On 21 August, the Pensions Dashboards Programme (PDP) published version 1.1 of its draft code of connection. The draft code sets out how pension providers, schemes and dashboard providers are to connect to the dashboards ecosystem and what they need to do to remain connected. The revisions from version 1.0 published on 21 November 2022 are mostly technical with several terminology clarifications

Version 1.1 of the draft technical standards was published on 4 September 2024. All PDP standards are published as 'draft' until approved by the Secretary of State for Work and Pensions. The standards outline a common set of connectivity mechanisms and interfacing rules for pension providers and schemes, and dashboard providers. They determine how these parties will interact with and communicate with the central digital architecture and each other

Blog on updated code of connection

On 12 September 2024, Chris Curry, PDP Principal, published a blog on the updated code of connection. The blog outlines:

- what the code of connection is
- who it applies to
- what has been updated, and
- what PDP is working on publishing next

Identity service provider

PDP has confirmed that users of pensions dashboards will verify their identity with GOV.UK One Login. This will make it easier for those who have previously registered with One Login for other Government services. The identity service for dashboards will ensure that people must prove who they are before they can access confidential pensions information.

The Pension Regulator (TPR)

Dashboards compliance and enforcement policy

On 5 September 2024, The Pensions Regulator (TPR) published:

- Pensions dashboards compliance and enforcement policy
- response to the consultation on the policy
- updated breach of law guidance.

The policy outlines TPR's approach to ensuring occupational pension schemes comply with their dashboard legal duties. It sets out:

- the principles that will drive TPR's approach
- key risk areas TPR will focus on
- what TPR expects schemes to do to comply
- how TPR will monitor compliance
- TPR's approach to non-compliance.

The policy also includes scenarios of non-compliance and how TPR may respond to each one. In particular, the updated breach of law guidance contains an example of how TPR will approach non-alignment of illustration dates between main scheme benefits and additional voluntary contributions (AVCs).

TPR published a blog on pensions dashboards compliance on the same day to accompany the policy release.

[Act now on pensions dashboards so we don't have to | The Pensions Regulator Blog](#)

Compliance during the user testing period

TPR expects schemes to connect to the dashboards ecosystem in line with the timeline set out in DWP's guidance on connection: the stage timetable. The timeline has been designed to reduce delivery risk to industry, but it will also ensure that the system can be thoroughly tested to ensure the successful launch of dashboards. Once schemes and pension providers are connected to the ecosystem the following requirements will apply:

- to remain connected
- to receive 'Find' requests
- to undertake matching, and
- to return 'View' data TPR expects schemes and providers to take prompt and effective actions to investigate and correct any issues identified during the user testing stage

The Pension Ombudsman (TPO)

On the 27 June 2024, the Pensions Ombudsman (TPO) held a forum for stakeholders from across the industry. You can read about the event in the TPO stakeholder forum - blog.

[TPO Stakeholder Forum - A blog by Jennifer Ryans | The Pensions Ombudsman](#)

King's Speech 2024

On 17 July 2024, His Majesty King Charles III delivered his Government's legislative programme to the House of Lords. The Speech unveiled a new Pensions Bill. Most of the Bill covers the private pensions market. However, it does include the Government's intention to reaffirm the Pensions Ombudsman (TPO) as a competent court. Once enacted, administering authorities will no longer need to apply to the courts to enforce a TPO decision concerning recovery of an overpayment

[The King's Speech 2024 - GOV.UK](#)

Corporate Plan 2024/25

TPO published its corporate plan for 2024/25 on 31 July 2024, this outlined its key priorities and areas of work for the year. TPO's priorities are to:

- make changes to its processes to reduce waiting times
- deliver a reduction in the number of older, complex cases from its historical caseload
- improve signposting and pre-application journey, with more self-service information, so that the 'right' complaints come to TPO
- secure long-term funding of the Pensions Dishonesty Unit, to ensure it can continue its valuable work
- expand and build TPO's specialist pensions expertise
- review current systems to ensure TPO has a clear view of requirements to deliver further efficiencies and meet the projected increase in demand.

[Corporate Plan 2024-25 | The Pensions Ombudsman](#)

Blog on expedited decision-making

The Pensions Ombudsman (TPO), Dominic Harris, published a blog on expedited decision-making on 25 September 2024. The blog provides an update on TPO's operating model review. As part of the review, TPO will extend the use of short-form decisions and determinations ('expedited decision-making') to resolve complaints at earlier stages. The blog includes more information on expedited decision-making and updates on pilots run over the summer. It also confirms that TPO fully rolled out expedited decision-making in September 2024. As TPO will not publish expedited determinations, it is

exploring ways to share any industry-wide learnings, such as through case studies or broader insight products.

[Operating Model Review - A blog on expedited decision-making by Dominic Harris | The Pensions Ombudsman](#)

Court of Appeal dismisses Virgin Media appeal

On 25 July 2024, the Court of Appeal dismissed the appeal in the Virgin Media Ltd v NTL case. The High Court had previously ruled that:

- amendment of pension scheme rules in respect of Section 9(2B) rights were void unless the scheme actuary certified that the scheme still met the contracting-out adequacy test
- this applied to rights built up before and after the change in rules
- all amendments are affected by the ruling, not just those that have a negative impact on section 9(2B) rights.

The appeal concerned the second bullet point only, and Court of Appeal upheld the High Court's ruling. It is understood the ruling will apply to the LGPS and that HM Treasury is currently assessing the implications for all public service pension schemes. A further update will be provided when there is more clarity on the position.

Chancellor calls on pension funds to fire up UK economy

On 7 August 2024, the Chancellor, Rachel Reeves, issued a press release urging UK pension schemes to invest more in the UK economy and deliver better returns for savers. She highlighted the importance of learning from the Canadian model. The press release was issued ahead of a meeting with major Canadian retirement funds. The meeting is part of intensive industry engagement for the pension investment review. The review aims to boost investment in the UK and deliver higher returns for savers.

[Chancellor Reeves: Pension funds can fire up the UK economy - GOV.UK](#)

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ITEM No ...6.....

REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 9 DECEMBER 2024

REPORT ON: TREASURY MANAGEMENT ACTIVITY 2024/2025 (MID-YEAR REVIEW)

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 349-2024

1 PURPOSE OF REPORT

To review Tayside Pension Fund's Treasury Management activities for the period 1 April 2024 to 30 September 2024.

2 RECOMMENDATION

The Sub-Committee is asked to note the contents of the report.

3 FINANCIAL IMPLICATIONS

The Treasury Management activity during the first half of the current financial year indicates that investment income from cash balances held to pay pension benefits will be approximately £950,000 for 2024/2025.

4 BACKGROUND

Tayside Pension Fund is administered by Dundee City Council in accordance with Section 24 of its Financial Regulations. Investment policy and decisions (including those relating to Treasury Management) are delegated to the Pension Sub-Committee of the City Governance Committee. The Pension Board assist the Sub-Committee with securing compliance to the regulations.

The primary objective of the Tayside Pension Fund is to provide for scheme members' pension and lump sum benefits on their retirement or for their dependants on death before or after retirement, on a defined benefits basis. There is limited discretion to vary these benefits.

Dundee City Council in its administering role, defines its treasury management activities as:

"The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

It regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage these risks.

It acknowledges that effective treasury management will provide support towards the achievement of its business and services objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable performance measurement techniques, within the context of effective risk management.

All treasury management activities must comply with the appropriate regulations, codes and guidance as stated in the Treasury Management Policy Statement of Dundee City Council.

At its meeting on 18 March 2024, the Pension sub-committee of the City Governance Committee and Pension Board approved the Fund's Treasury Policy Statement (Report no.

77-2024, article X of minute refers) setting out the policies which would govern all lending transactions carried out by the Fund.

The Treasury Policy Statement requires that the Pension sub-committee of the City Governance Committee and Pension Board will receive and consider the Treasury Management Strategy at the beginning of each new financial year.

On 18 March 2024, the Pension sub-committee of the City Governance Committee and Pension Board approved the Fund's Treasury Management Strategy for 2024/2025 (Report no. 78-2024, article XI of minute refers).

This monitoring report covers the Treasury Management activity over the first six months of 2024/2025 financial year for cash held to pay pension benefits. Fund managers will also hold cash within custodian bank accounts, these amounts are excluded from this report.

5 ACTUAL LENDING

Variations in cash flow requirements mean that there will be surplus funds which will be invested for short periods (maximum of 364 days). Short term investments will be restricted only to those institutions identified in the Fund's Approved Counterparties list provided they have maintained a suitable credit rating.

An analysis of the lending position to 30 September 2024 shows:

Month	Lowest Amount Lent £m	Highest Amount Lent £m	End of month Amount Lent £m	Interest Rate Range %	
				Min	Max
April 2024	13.185	40.000	38.150	5.22	5.29
May 2024	29.905	39.150	29.905	5.21	5.26
June 2024	21.680	31.780	21.680	5.19	5.26
July 2024	14.500	23.000	14.500	5.18	5.23
August 2024	8.650	19.695	8.650	5.04	5.21
September 2024	2.110	25.910	23.235	5.00	5.08

All cash investments were compliant with Treasury Policy Statement as approved by sub-committee on 18 March 2024.

6 INTEREST RATE OUTLOOK 2024/2025

The Council's appointed treasury advisors (Link Group) assist the Council in formulating a view on interest rates. Link Group provided the following forecasts on 11 November 2024 -

	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
Base Rate View	4.75%	4.50%	4.25%	4.00%	4.00%	3.75%
3m average earnings	4.70%	4.50%	4.30%	4.00%	4.00%	4.00%
6m average earnings	4.70%	4.40%	4.20%	3.90%	3.90%	3.90%
12m average earnings	4.70%	4.40%	4.20%	3.90%	3.90%	3.90%

	Jun-26	Sep-26	Dec-26	Mar-27
Base Rate View	3.75%	3.75%	3.50%	3.50%
3m average earnings	3.80%	3.80%	3.80%	3.50%
6m average earnings	3.80%	3.80%	3.80%	3.50%
12m average earnings	3.80%	3.80%	3.80%	3.50%

Bank of England Monetary Policy Committee has reduced interest rates on two occasions this financial year from 5.25% to 4.75% on 7 November 2024. The interest rate forecast table above shows base rate is expected to continue reducing to 4.00% during 2025 with further reductions in 2026.

7 POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

8 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

9 BACKGROUND PAPERS

None.

ROBERT EMMOTT
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

29 NOVEMBER 2024

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REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD– 9 DECEMBER 2024

REPORT ON: PROPOSED TIMETABLE OF MEETINGS FOR 2025

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 329-2024

1 PURPOSE OF REPORT

This report proposes a suggested programme of meetings of the Pension Sub-Committee and Pension Board in 2025.

2 RECOMMENDATIONS

It is recommended that Members of both Sub-Committee and Board examine the dates set out in the timetable in Appendix 1 and agree the proposed programme of meetings.

3 POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

4 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report

5 BACKGROUND PAPERS

None

**ROBERT EMMOTT
EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

29 NOVEMBER 2024

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PENSION SUB-COMMITTEE & PENSION BOARD**TIMETABLE FOR 2025**

Sub-committee date and time	Fund Manager to attend	Quarter / Year under consideration	Schedule of proposed committee reports *
Monday 17 March 2025 at 12pm	Apollo	31 December 2024	<ul style="list-style-type: none"> - Treasury Management Policy and Strategy - Business Plan - Funding Strategy Statement - Pension Administration Strategy - Statement of Investment Principles Review - Annual Audit Plan 2025/26 - Annual Investment Performance Review - Training Plan and Policy - Risk Policy - Procurement Policy
Monday 23 June 2025 at 12pm	Legal & General	31 March 2025	<ul style="list-style-type: none"> - Unaudited Annual Report and Accounts - Annual Governance & Governance Compliance Statements - Environmental, Social & Corporate Governance Policy - Annual Internal Audit Report 2024/25
Monday 22 September 2025 at 12pm	Schroders	30 June 2025	<ul style="list-style-type: none"> - Draft Audited Annual Report and Accounts - Annual External Audit Report 2024/25 - Annual Treasury Management Activity
Monday 8 December 2025 at 12pm	Baillie Gifford	30 September 2025	<ul style="list-style-type: none"> - Proposed Timetable of Meetings for 2026 - Annual Assessment of Investment Advisory Services - Pension Administration Strategy - Treasury Management Activity 2025/26 (Mid-year Review)

* The following standard committee reports will be received quarterly – Quarterly Funding Update, Risk Register, Pension Administration Performance and Investment Performance Summaries. Bi-annual reports will be received for Socially Responsible Investment Activities and Securities Lending.

NOTE

These joint meetings will be held remotely until further notice. Time will be made available half an hour prior to the meetings for the Pension Board to meet, if required.

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