

Breaches Log 19 September 2023
Pension Committee Meeting

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| Number | 1 |
| Date | Aug-20 |
| Category | Administration - ABS |
| Description and cause | Failure to produce 100% of Annual Benefit Statement notifications |
| Possible effect and wider implications | Members and former members do not 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. Member has been unable to check personal data is complete and accurate or that the correct contributions have been credited. |
| Reaction | 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. |
| Reported / Not reported | 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 |
| Colour rating | |
| Outcome of report / investigation | 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 |
| Outstanding actions | |
| Comments | |

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| Number | 2 |
| Date | Aug 21 |
| Category | Administration - ABS |
| Description and cause | Failure to produce 100% of Annual Benefit Statement notifications |
| Possible effect and wider implications | Members and former members do not 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. Member has been unable to check personal data is complete and accurate or that the correct contributions have been credited. |
| Reaction | The team managed to issue 99.94% of annual benefit statements. |
| Reported / Not reported | 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 |
| Colour rating | |
| Outcome of report / investigation | 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. |
| Outstanding actions | |
| Comments | |

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| Number | 3 |
| Date | Aug 22 |
| Category | Administration - ABS |
| Description and cause | Failure to produce 100% of Annual Benefit Statement notifications |
| Possible effect and wider implications | Members and former members do not 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. Member has been unable to check personal data is complete and accurate or that the correct contributions have been credited. |
| Reaction | The technical team have issued 92.30% of the statements due. The majority of the deferred ABSs not issued were a result of outstanding leaver calculations which were identified as part of the backlog project contracted to a third party. The remainder relate to leavers 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 as part of their daily process. Members will be contacted once the calculations have been completed. |
| Reported / Not reported | 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 |
| Colour rating | |

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| Outcome of report / investigation | Not reported. 100% for active members were issued. While 86.19% for deferred members were issued, the rest were not produced due to ongoing benefit calculations or transfer calculations where we were awaiting information. These cases are included in BAU work and handled by the Pension Admin Team on a daily process. |
| Outstanding actions | |
| Comments | |

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| Number | 4 |
| Date | Jan 21 |
| Category | Administration - Backlog |
| Description and cause | Failure to inform 100% of scheme members of their calculated benefits (refund or deferred) – backlog cases. The original number of backlog cases was 2665. The backlog cases allocated to Hymans have now been completed. |
| Possible effect and wider implications | 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. Non-compliance with LGPS regulations timescales. Members have been unable to check personal data is complete and accurate or that the correct contributions have been credited. |
| Reaction | Historical backlog is impacting performance. Hymans Robertson were engaged to provide administration services to clear this backlog |
| Reported / Not reported | The issue was 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 |
| Colour rating | |
| Outcome of report / investigation | Not reported to The Pensions Regulator |
| Outstanding actions | |
| Comments | |

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| Number | 5 |
| Date | Oct 21 |
| Category | Administration - Minutes |
| Description and cause | Failure to publish Committee and Board meeting Minutes. |
| Possible effect and wider implications | 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 |
| Reaction | 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. |
| Reported / Not reported | Officers had 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 was done by the Chairs of the Board and Committee. The Committee decided in their meeting of 14 March 2023 to change the designation to green. |
| Colour rating | |

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| Outcome of report / investigation | Democratic Services are now adequately resourced and are producing the minutes themselves. All outstanding draft Committee minutes have been published and agreed. The three outstanding draft Board minutes have been published and approved by the Board |
| Outstanding actions | |
| Comments | 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. At their meeting on 14 March the Committee agreed to change the rating of this Breach to Green. |

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| Number | 6 |
| Date | Sep 21 |
| Category | Finance - Accounts |
| Description and cause | Failure of the Fund to publish audited Fund Accounts for year 2019/20 by 30 September 2020 |
| Possible effect and wider implications | Lack of accurate data available on which to base funding requirements. This could result in insufficient funds to pay all benefit liabilities. |
| Reaction | 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 has now been resolved and agreed and we are awaiting sign off to be completed. The draft Annual Report and Accounts were presented to Pension Committee on 3 December 2021. |

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| Reported / Not reported | <p>The matter had not initially 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 was 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 were published on the website. Update March 2023: Due to the passage of time and the fact that 3 years of accounts are still outstanding, the Chairs of the Board and Committee and Officers have issued a joint report to The Pensions Regulator.</p> |
| Colour rating | |
| Outcome of report / investigation | |
| Outstanding actions | <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. A joint Report has been submitted to the TPR by the Chairs of the Board, Committee and Head of Pensions. The Pension Regulator asked for a timetable for completion which the Head of Pension & Treasury has provided and agreed to keep the Regulator informed of progress.</p> |
| Comments | |

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| Number | 7 |
| Date | Sep 22 |
| Category | Finance - Accounts |
| Description and cause | Failure to publish the audited Fund Accounts for year 20/21 by 30 September 2021 |
| Possible effect and wider implications | Lack of accurate data available on which to base funding requirements. This could result in insufficient funds to pay all benefit liabilities. |
| Reaction | 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 accounts cannot be signed off until the 2019/20 account have been completed. The draft Annual Report and Accounts were presented to Pension Committee on 3 December 2021 |
| Reported / Not reported | The matter had not been initially 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. Update March 2023: Due to the passage of time and the fact that 3 years of accounts are still outstanding, the Chairs of the Board and Committee and Officers have issued a joint report to The Pensions Regulator |
| Colour rating | |
| Outcome of report / investigation | |

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| Outstanding actions | <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. A joint Report has been submitted to the TPR by the Chairs of the Board, Committee and Head of Pensions.</p> <p>The Pension Regulator asked for a timetable for completion which the Head of Pension & Treasury has provided and agreed to keep the Regulator informed of progress.</p> |
| Comments | |

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| Number | 8 |
| Date | Sep 22 |
| Category | Finance - Accounts |
| Description and cause | Failure to publish the audited Fund Accounts for year 21/22 by 30 September 2022 |
| Possible effect and wider implications | Lack of accurate data available on which to base funding requirements. This could result in insufficient funds to pay all benefit liabilities. |
| Reaction | 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. |
| Reported / Not reported | The matter had not been initially 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. Update March 2023: Due to the passage of time and the fact that 3 years of accounts are still outstanding, the Chairs of the Board and Committee and Officers have issued a joint report to The Pensions Regulator. |
| Colour rating | |
| Outcome of report / investigation | |
| Outstanding actions | The Fund Accounts form part of the Council Accounts and cannot be signed off separately. A joint Report has been submitted to the TPR by the Chairs of the Board, Committee and Head of Pensions. The Pension Regulator asked for a timetable for completion which the Head of Pension & Treasury has provided and agreed to keep the Regulator informed of progress. |
| Comments | |

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| Number | 9 |
| Date | Mar 23 |
| Category | Administration - Refunds |
| Description and cause | <p>A refund to which a member was entitled was paid after the deadline stated in the LGPS Regulations 2013 (as amended).</p> <p>Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.</p> |
| Possible effect and wider implications | <p>Member does not receive monies they are entitled to. Possibly causing financial hardship however the amounts due are relatively small. The impact to the Fund is insignificant.</p> |
| Reaction | <p>Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.</p> |
| Reported / Not reported | <p>Not Reported. Letters explaining the member's rights to refunds were sent out on 21.8.2018 with reminders being sent on 17.1.2019. No response was received from the member until 2.3.2023 when completed claim forms were sent in. At this point the refund calculations were finalised and requests for ad hoc payments to be made were signed off on 8.3.2023.</p> |
| Colour rating | |

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| Outcome of report / investigation | The cause is the difficulty in tracing members. An amendment to the regulations is planned which will take away the requirement to make payment within 5 years of active membership in the Fund ceasing. Pension Dashboard requirements may assist members in keeping check on their pension entitlements. The admin Team have been told that as soon as they receive a refund claim form for a frozen refund they must act immediately. |
| Outstanding actions | |
| Comments | This is an issue across all LGPS funds. The LGA are pushing for the regulations to be changed to eliminate the 5 year payment deadline. It is difficult to trace members if they do not provide us with up to date address information. It would take considerable resources to try to trace address details and issue more reminders for outstanding cases . LGA advice is to wait for the regulatory change to be put into place. |

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| Number | 10 |
| Date | Mar 23 |
| Category | Administration - Refunds |
| Description and cause | <p>A refund to which a member was entitled was paid after the deadline stated in the LGPS Regulations 2013 (as amended).</p> <p>Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.</p> |
| Possible effect and wider implications | <p>Member does not receive monies they are entitled to. Possibly causing financial hardship however the amounts due are relatively small. The impact to the Fund is insignificant.</p> |
| Reaction | <p>Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.</p> |
| Reported / Not reported | <p>Not Reported. A letter explaining the member's rights to a refund was sent out on 31.3.2017. No response was received from the member until 13.3.2023 when the completed claim form was sent in. A check needed to be done to ensure that the member was not active before payment could be made due to possible tax implications. Once this had been verified the refund calculations were finalised and the request for ad hoc payment to be made was signed off on 31.3.2023.</p> |

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| Colour rating | |
| Outcome of report / investigation | The cause is the difficulty in tracing members. An amendment to the regulations is planned which will take away the requirement to make payment within 5 years of active membership in the Fund ceasing. Pension Dashboard |
| | requirements may assist members in keeping check on their pension entitlements. The admin Team have been told that as soon as they receive a refund claim form for a frozen refund they must act immediately. |
| Outstanding actions | |
| Comments | This is an issue across all LGPS funds. The LGA are pushing for the regulations to be changed to eliminate the 5 year payment deadline. It is difficult to trace members if they do not provide us with up to date address information. It would take considerable resources to try to trace address details and issue more reminders for outstanding cases . LGA advice is to wait for the regulatory change to be put into place. |

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| Number | 11 |
| Date | Apr 23 |
| Category | Administration - Refunds |
| Description and cause | <p>A refund to which a member was entitled was paid after the deadline stated in the LGPS Regulations 2013 (as amended).</p> <p>Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.</p> |
| Possible effect and wider implications | <p>Member does not receive monies they are entitled to. Possibly causing financial hardship however the amounts due are relatively small. The impact to the Fund is insignificant.</p> |
| Reaction | <p>Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.</p> |
| Reported / Not reported | <p>Not Reported. A letter explaining the member's rights to a refund was sent out on 16.5.2017. No response was received from the member until 8.6.2017 when the member requested a transfer quote which was provided on 15.6.2017. The member decided not to proceed with the transfer. No further correspondence was received from the member until 3.3.2023 when another transfer request was received which they were no longer entitled to. A refund form was then issued as that was the only option available to the member.</p> |
| Colour rating | |

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| Outcome of report / investigation | The cause is the difficulty in tracing members. An amendment to the regulations is planned which will take away the requirement to make payment within 5 years of active membership in |
| | the Fund ceasing. Pension Dashboard requirements may assist members in keeping check on their pension entitlements. The admin Team have been told that as soon as they receive a refund claim form for a frozen refund they must act immediately. |
| Outstanding actions | |
| Comments | This is an issue across all LGPS funds. The LGA are pushing for the regulations to be changed to eliminate the 5 year payment deadline. It is difficult to trace members if they do not provide us with up to date address information. It would take considerable resources to try to trace address details and issue more reminders for outstanding cases . LGA advice is to wait for the regulatory change to be put into place. |

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| Number | 12 |
| Date | Aug 23 |
| Category | Governance – Employer Discretions |
| Description and cause | <p>The Council in their capacity as a Scheme Employer has failed to prepare a statement of its policy in respect of the mandatory discretions as required under regulation 60 of the regulations.</p> <p>A policy in respect of the administering authority mandatory discretions was agreed by the committee on 8 July 2014. It appears that there may have mistakenly been an assumption that this satisfied the requirements of the Council as employer.</p> |
| Possible effect and wider implications | <p>Failure to satisfy the requirements of the regulations constitutes a breach of the law. If the situation is not rectified then the matter may need to be reported to the regulator who has the power to impose a fine.</p> <p>Any decisions made in relation to discretionary items could be open to challenge as the Council as employer has no policy to inform decision making therefore no consistency of approach and justification for application of discretions. This could lead to legal challenge and possible financial costs, both legal fees and in terms of benefit amounts payable.</p> <p>This could result in detriment to the Council's reputation and delays and distress to members when their benefits are put into payment, possibly resulting in financial hardship.</p> |
| Reaction | <p>The Pensions Team have been in contact with the HR Team to assist them in producing an employer discretions policy. A template has been provided and officers have provided advice to HR.</p> <p>The Head of Pensions has told the Chief People Officer and Corporate Director of Sustainable Communities, Regeneration and Economic Recovery to provide the Council Employer Policy within 2 months.</p> |

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| Reported / Not reported | Not Reported. The Head of Pensions has concluded that the breach is not of material significance to The Pension Regulator as long as the Council produces an employer discretions policy within 2 months. |
| Colour rating | |
| Outcome of report / investigation | |
| Outstanding actions | Officers to check that the policy is produced with the 2 month timeframe |
| Comments | |

Breaches Log Ratings Categorisation Table

| Rating | Description | Breach Occurred | | Breach Identified | | Action Taken | Decision |
|--------|---|--------------------|-------------|-----------------------|-------------|---|--|
| | Cause, effect, reaction and wider implications considered together ARE LIKELY to be of material significance | Error has occurred | PLUS | Errors not recognised | PLUS | No action taken to rectify and tackle the cause | MUST report to TPR |
| | Cause, effect, reaction and wider implications considered together MAY be of material significance | Error has occurred | PLUS | Error rectified | PLUS | Systemic cause not addressed so issue may arise again | MAY report to TPR – consider the evidence and make a decision |
| | Cause, effect, reaction and wider implications considered together ARE NOT LIKELY to be of material significance | Error has occurred | PLUS | Error rectified | PLUS | Systemic causes addressed to mitigate against issue arising again | DO NOT report to TPR |