

**Democratic Services**

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Date: 9 February 2017

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**To: All Members of the Pension Board**

Howard Pearce

Gaynor Fisher

Steve Harman

Mark King

Tom Renhard

David Yorath

Tony Whitlock

Chief Executive and other appropriate officers  
Press and Public

Dear Member

**Pension Board: Thursday, 16th February, 2017**

You are invited to attend a meeting of the **Pension Board**, to be held on **Thursday, 16th February, 2017** at **2.00 pm** in the **Kaposvar Room - Guildhall, Bath.**

The agenda is set out overleaf.

Yours sincerely

Sean O'Neill  
for Chief Executive

**If you need to access this agenda or any of the supporting reports in an alternative accessible format please contact Democratic Services or the relevant report author whose details are listed at the end of each report.**

*This Agenda and all accompanying reports are printed on recycled paper*

## NOTES:

- 1. Inspection of Papers:** Any person wishing to inspect minutes, reports, or a list of the background papers relating to any item on this Agenda should contact Sean O'Neill who is available by telephoning Bath 01225 395090 or by calling at the Riverside Offices Keynsham (during normal office hours).
- 2. Public Speaking at Meetings:** The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group. Advance notice is required not less than two full working days before the meeting (this means that for meetings held on Wednesdays notice must be received in Democratic Services by 4.30pm the previous Friday)

The public may also ask a question to which a written answer will be given. Questions must be submitted in writing to Democratic Services at least two full working days in advance of the meeting (this means that for meetings held on Wednesdays, notice must be received in Democratic Services by 4.30pm the previous Friday). If an answer cannot be prepared in time for the meeting it will be sent out within five days afterwards. Further details of the scheme can be obtained by contacting Sean O'Neill as above.

- 3. Details of Decisions taken at this meeting** can be found in the minutes which will be published as soon as possible after the meeting, and also circulated with the agenda for the next meeting. In the meantime details can be obtained by contacting Sean O'Neill as above.

Appendices to reports are available for inspection as follows:-

**Public Access points** - Riverside - Keynsham, Guildhall - Bath, Hollies - Midsomer Norton, and Bath Central, Keynsham and Midsomer Norton public libraries.

**For Councillors and Officers** papers may be inspected via Political Group Research Assistants and Group Rooms/Members' Rooms.

## 4. Recording at Meetings:-

The Openness of Local Government Bodies Regulations 2014 now allows filming and recording by anyone attending a meeting. This is not within the Council's control.

Some of our meetings are webcast. At the start of the meeting, the Chair will confirm if all or part of the meeting is to be filmed. If you would prefer not to be filmed for the webcast, please make yourself known to the camera operators.

To comply with the Data Protection Act 1998, we require the consent of parents or guardians before filming children or young people. For more information, please speak to the camera operator

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- 5. Attendance Register:** Members should sign the Register which will be circulated at the meeting.

6. THE APPENDED SUPPORTING DOCUMENTS ARE IDENTIFIED BY AGENDA ITEM NUMBER.

**7. Emergency Evacuation Procedure**

When the continuous alarm sounds, you must evacuate the building by one of the designated exits and proceed to the named assembly point. The designated exits are sign-posted.

Arrangements are in place for the safe evacuation of disabled people.

**Pension Board - Thursday, 16th February, 2017**  
**at 2.00 pm in the Kaposvar Room - Guildhall, Bath**

**A G E N D A**

1. EMERGENCY EVACUATION PROCEDURE
2. APOLOGIES FOR ABSENCE
3. DECLARATIONS OF INTEREST
4. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR
5. ITEMS FROM THE PUBLIC
6. ITEMS FROM MEMBERS
7. MINUTES OF THE MEETING OF 2ND NOVEMBER 2016 (Pages 7 - 16)
8. CHAIRMAN'S INTRODUCTION AND UPDATE
9. DRAFT MINUTES OF THE AVON PENSION FUND COMMITTEE OF 9TH DECEMBER 2016 (Pages 17 - 22)

The public minutes of this meeting are available at:

<https://democracy.bathnes.gov.uk/ieListDocuments.aspx?CId=212&MId=4253&Ver=4>

The exempt minutes are attached. If Members wish to discuss these they should resolve to go into exempt session.

10. DRAFT MINUTES OF THE PENSION INVESTMENT PANEL OF 14TH NOVEMBER 2016 (Pages 23 - 26)

The public minutes of this meeting are available at:

<https://democracy.bathnes.gov.uk/ieListDocuments.aspx?CId=213&MId=4759&Ver=4>

The exempt minutes are attached. If Members wish to discuss these they should resolve to go into exempt session.

11. LGPS UPDATES AND DEVELOPMENTS (Pages 27 - 32)
12. PROJECT BRUNEL - VERBAL UPDATE
13. INVESTMENT STRATEGY STATEMENT - VERBAL UPDATE
14. VALUATION UPDATE (Pages 33 - 34)
15. COMPLIANCE REPORT (Pages 35 - 56)
16. BENCHMARKING UPDATE (Pages 57 - 90)
17. RISK REGISTER UPDATE (Pages 91 - 94)
18. INTERNAL AUDIT UPDATE (Pages 95 - 114)
19. TRAINING AND WORK PLAN UPDATE (Pages 115 - 128)
20. CHAIRMAN'S REVIEW OF MEETING

The Committee Administrator for this meeting is Sean O'Neill who can be contacted on 01225 395090.

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**BATH AND NORTH EAST SOMERSET**

**PENSION BOARD**

Wednesday, 2nd November, 2016

**Present:-** Howard Pearce (Chair), Gaynor Fisher (Employer Representative), Mark King (Member Representative), Tom Renhard (Member Representative) and Tony Whitlock (Employer Representative)

**Also in attendance:** Tony Bartlett (Head of Business, Finance and Pensions), Jeff Wring (Head of Audit West) and Geoff Cleak (Pensions Benefits Manager)

**87 EMERGENCY EVACUATION PROCEDURE**

The Democratic Services Officer read out the procedure.

**88 APOLOGIES FOR ABSENCE**

Apologies were received from Steve Harman (Employer Representative) and David Yorath (Member Representative).

**89 DECLARATIONS OF INTEREST**

There were none.

**90 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR**

The Chair welcomed Councillor David Veale, Chairman of the Avon Pension Fund Committee, as an observer of the meeting.

The Chair reminded Members that the purpose of the Board was to assist the Avon Pension fund to comply with the LGPS Regulations and the requirements of The Pensions Regulator.

**91 ITEMS FROM THE PUBLIC**

There were none.

**92 ITEMS FROM MEMBERS**

There were none.

**93 MINUTES OF THE MEETING OF THE 27TH JULY 2016**

These were approved as a correct record and signed by the Chair.

**94 AVON PENSION FUND COMMITTEE DRAFT MINUTES 23RD SEPTEMBER 2016**

**RESOLVED** to note the draft minutes of the meeting of the Avon Pension Fund Committee of 23<sup>rd</sup> September 2016.

**95 AVON PENSION FUND COMMITTEE INVESTMENT PANEL MINUTES 5TH SEPTEMBER 2016**

**RESOLVED** to note the draft minutes of the meeting of the Avon Pension Fund Committee of 5<sup>th</sup> September 2016.

**96 LGPS UPDATES AND DEVELOPMENTS**

The Head of Business, Finance and Pensions presented the report.

The Chair asked why in Appendix 2 (The Pensions Regulator Requirements under Code of Practice) under Annex A the APF compliance for “any specific roles and responsibilities of individual Pension Board members” was indicated as “not applicable”. Officers responded that evidently the Board had a Chair and Employer and Member Representatives, but it was not clear if TPR meant this or something else by “specific roles and responsibilities”. The Chair suggested this should be clarified with them, so that if possible the Fund could demonstrate 100% compliance with all requirements.

The Head of Business, Finance and Pensions commented on State Street’s Local Authority Pension Funds Annual League Tables (Appendix 3). He said that it should be remembered that funds had widely differing investment mandates and structures and the tables only gave a very broad indication of their comparative performance. That understood, the ranking of the Avon Fund (equal 49<sup>th</sup>) appeared quite good. He said that the Fund’s investment performance had been very good over the last ten years or so and had exceeded expectations. However, investment performance was only one half of the equation; the liabilities were the other half, and the Fund was taking steps to cap these in the lead up to the next valuation.

The Chair noted that the Avon Fund had made a negative return of -0.2% in the latest year. A Member noted the varying performance of other funds in Project Brunel: for example the Environment Agency and Dorset ranked higher. The Chair said that as State Street WM tables had been compiled for many years, a time analysis of the Avon Fund overall fund performance relative to other Brunel funds prior to asset pooling would be useful.

The Head of Business, Finance and Pensions commented on Appendix 1 (Summary of Consultations and Surveys):

- Members were asked to note that the revised Investment Regulations, which provide the legal basis for pooling, had come into effect on 1<sup>st</sup> November. The Regulations conferred intervention powers on the Secretary of State, though it was not clear by what process these would be exercised or what would trigger them.
- The Mayoral Combined Authority, comprising B&NES, Bristol and South Gloucestershire, will be set up. The details of how pensions’ liabilities for the Authority will be shared need to be worked out.
- The Academies Review is ongoing. At present different funds are dealing with Academies in slightly different ways. One issue is whether the employer is the



Academy or the Multi Academy Trust (MAT), if there is one. Some funds treat a MAT as the employer and aggregate liabilities and contribution rates for all schools in it, others keep individual Academies in the MAT separate. An option being considered is for all Academies to be allocated to a single LGPS fund. The Review should be completed by the end of the year.

The Chair noted that the Investment Regulations require that the administering authority must “consult such persons as it considers appropriate” as to the proposed contents of its investment strategy statement (ISS) before issuing it by no later than 1<sup>st</sup> April 2017, and asked who the Fund would consult and how it would do it. The Head of Business, Finance and Pensions said that the Fund would produce an ISS and would consult on it. The Chair said that he was aware from other funds that there was considerable interest in the new investment strategy because of pooling, and advised that as there were only four months to carry out a consultation, the Fund should produce a consultation plan quickly; the Board had a requirement to check that the Fund was consulting on the ISS. He also asked Members to note that in accordance with the Investment Regulations the Secretary of State would consult the Pensions Board before exercising his intervention powers.

The Chair noted that he and Members who had attended TPR training courses were receiving emails from TPR asking whether the Board was complying with particular requirements, or asking for responses to surveys. He advised Members that such emails should be forwarded to the Head of Audit West, who would co-ordinate the Board’s response.

**RESOLVED** to note the report and latest developments.

## **97 PROJECT BRUNEL UPDATE**

The Chair reminded Members that the Board had no regulatory role in relation to Project Brunel, but that its duty to advise the Avon Pension Fund on its efficiency and effectiveness did give the Board a role in monitoring the Fund’s involvement in the Project.

The Head of Business, Finance and Pensions updated the Board on the progress of Project Brunel and responded to questions from Members. A copy of his PowerPoint slides is attached to these minutes as Appendix 1.

He said that the origin of pooling went back to Government consultations in 2013 about the cost effectiveness of funds. There had been discussion about merging funds and about whether funds should be required to invest only in passive portfolios. However, the Government had not pursued these options. The Government had eventually opted for pooling and a requirement that funds should increase their ability to invest in infrastructure. Recently, the Government seems to have given the infrastructure investment criterion a lower priority. Some funds have challenged the idea of pooling, but the Government is not going back on this. Work on Project Brunel, which now comprises 10 funds, began in 2015. It was, and probably still remains, the most advanced of any of the pools. Early on it was agreed that the best form of governance would be a joint committee, under which certain functions were centralised, but with much remaining the same as at present, but the

game was changed when DCLG said that the pool would have to be FCA-regulated. This required the establishment of a company to undertake the operations of the pool. The current estimate of net cost savings to the Project Brunel funds from pooling was up to £60m a year after a spike in costs during the transition period ending in 2023/24. These savings might not seem very great in relation to the size of the pool. This presented a challenge to the S151 Officers of the various authorities to demonstrate value for money.

Q: what is the payback period for transition costs?

A: this differs for every fund, but is in the range of 2024-2030. In the case of Avon it is 2022-24.

Q: is there a danger that some funds will not achieve the statutory local authority payback period?

A: yes, this being discussed with the Secretary of State.

Q: is there scope for improving the transparency of transaction costs?

A: work is being done on projecting transaction costs and tax liabilities. The Government will be asked to consider tax relief for funds, at least during the transition period, since they are incurring additional costs solely because of the Government's requirements. However, it is unlikely the Government will grant this.

He said that at present the 10 funds in Project Brunel had about 170 investment mandates, which would be reduced to about 22 categories through which the funds would be able to pursue their individual investment strategies. The Environment Agency and the Avon Fund had well-developed policies on socially responsible investment, so pooling could be useful in setting benchmarks on this and other issues.

Q: how will fund members be represented on the board of the investment company?

A: this will not be straightforward, because the company will operate commercially, while members' benefits are guaranteed by the state and will be paid irrespective of company performance, giving little incentive for members to become engaged with the affairs of the company. A member representative could be appointed to the Oversight Board.

The Chair asked for a report back to the Board when the system of voting rights on the Brunel board and the representation of fund members had been decided.

The Head of Business, Finance and Pensions said that the Brunel company would appoint the investment managers. Obtaining FCA approval would take time, and it would be necessary to appoint key members of the company board in advance. Company board members and the investment staff are regulated by the FCA. Each of the 10 administering authorities would have a contract with the company. Each fund would be a shareholder and a contract manager, though those roles would be separated. An independent chair, who is a former investment adviser, had been appointed as chair of the shadow Oversight Board. The Oversight Board has approved everything that had gone into the business case. The final business case would be considered by the Avon Pension Fund Committee in December and would be put to Bath and North East Somerset Council on 14 February 2017.

Q: will access for the administering authorities' internal or external auditors be specified in the contracts to allow verification of investment returns reported by the company?

A: scrutiny arrangements are yet to be fully developed. The Fund has never done its own checks on the returns reported by its investment managers, but has relied on the work of the managers' auditors.

Q: could we not look at the transparency arrangements that other pools are developing and included disclosure and transparency provisions in the contracts?

A: CIPFA issued new guidance on accounting for investment manager fees last year. Every year the Fund receives the valuations of investment managers and the reports of their auditors on them.

Pooling will have an impact on the governance arrangements of the Avon Pension Fund with the establishment of a Joint Committee. It will also impact on the Pensions Team, as functions are transferred to the investment company and mechanisms are established within the Fund for monitoring the contract with the company.

Q: will the investment company's risk register be shared with the Committee?

A: this will be decided by the company board and CEO when they have been appointed.

The Chair asked for a report back on any transparency obligations imposed on investment managers.

**RESOLVED** to note the update.

## 98 COMPLIANCE REPORT

The Acting Pensions Manager presented the report for the three months to the end of September 2016.

He said that it had been an intense period for staff, who had to deal simultaneously with the Fund valuation, the year-end process to comply with the requirements of TPR and the Fire Service valuation. The Team was also being restructured and consultations with staff would begin in a couple of weeks. He hoped that the new structure would be in place by the time of the next meeting of the Board.

He said that the Balanced Scorecard was still being revised and that the new format would be available at the next meeting. Some performance was down, particularly in relation to transfers in and transfers out. Support was being given to Bristol City Council (BCC) with its voluntary severance programme. Up to 1,000 staff would be leaving BCC before Christmas. Additional work is impacting on day-to-day performance and this would continue for some time. Annual Benefit Statements had been issued to all active and deferred members in accordance with the TPR requirement, where full member data existed. Penalty charges had been imposed on five employers for breaching the deadline for submission of year-end data. There were a further 30 employers who could be issued with a penalty charge, but this would be waived if they undertake training. There were 1400 cases for which

complete data was not held. Data for these will be cross-checked with the employers.

The Chair asked whether employers being given training would be required to sign an improvement action plan. The Action Pensions Manager replied that the employers had already signed a service level agreement. The Chair pointed out that the TPR recommends that any employer who makes repeated errors should be required to sign an improvement action plan. He also suggested that employers should be advised that if there was missing data again, they can be reported to TPR for poor performance.

The Acting Pensions Manager spoke about the increase in workload, and said in a reply to a question from the Chair about how he would assess the level risk it posed on the Risk Register that he would rate it “amber”. It was essential to use the Team restructuring to get the right staff in place and to secure better performance from the employers.

The Chair said that accurate data was crucial to the efficient working of the Fund. He commended the progress with the Data Improvement Plan, and said that pressure needed to be put on employers to cooperate. All the funds of which he had knowledge had problems with a minority of employers repeatedly failing to fulfil their obligations, and the APF should focus on those with repeated failures with further action if needed.

## **RESOLVED**

1. To note Performance Indicators and Customer Satisfaction feedback for 3 months to 30 September 2016.
2. To note progress on the Data Improvement Plan.
3. To recommend to the Fund that:
  - a. poorly performing employers, whether they undertake training or not, should be required to sign an improvement action plan;
  - b. a letter should be sent to poorly performing employers advising them that they could be reported to The Pensions Regulator.

## **99 CODE OF PRACTICE 14 UPDATE**

The Acting Pensions Manager presented the report.

The Chair said it was good that to note that there was no area of compliance with the Code of Practice that was rated as red for the Avon Pension Fund, but there were a number of items rated amber. He asked whether the Board could assist in improving compliance in these areas. The Head of Audit West asked the Board to consider the information given in Appendix 1 in the light of the Internal Audit (IA) Brief given in Appendix 2. IA would review compliance with the Code, focussing particularly on aspects relating to Board Members. He hoped that the two documents together would give Members assurance that there was a determination to achieve full

compliance. IA might contact one or two Board Members during the review and the IA report would be presented to the Board.

The Chair said that there were two key areas, Members' training and the Register of Interests. He urged Members who had not done so to complete the TPR training as soon as possible and to submit their pass certificate to The Head of Audi West, preferably by January 2017. One Member needed to submit a Register of Interest form.

The Chair asked for an updated report to be presented to the next meeting of the Board.

**RESOLVED** to note the outcome of the review of the TPR's Code of Practice No 14 and latest position against best practice.

## **100 ACTUARIAL VALUATION UPDATE**

The Head of Business, Finance and Pensions gave a presentation. A copy of his PowerPoint slides is attached to these minutes as Appendix 2.

He said that the valuation was occurring at time of increasing pressure on public finance, so a key issue in the future would be the management of the risks relating to employers' finances. The purpose of the valuation was to ensure that the Fund had enough money to pay benefits as they fell due. This was achieved by the right balance of contributions and investment returns. Ideally, increased investment returns would mean lower contributions, but increasing liabilities were more likely to require both to rise. One of the aims of the actuary was to achieve a common constant rate of contributions and avoid volatility of rates. The actuary would therefore take a long-term view of liabilities. Another important issue was cost efficiency. The Fund was mature, so more was paid out in benefits than was received in contributions. This was why the Fund was currently focussing on liability management. The actuary would set a "budget" for each employer based on a number of factors including age profile. Some of the smaller employers could have a complete change of staff in three years. The Fund consulted with all employers about the Funding Strategy Statement, which set out some basic principles about, for example, the deficit recovery period, how employers who leave the Fund are treated and how certain categories of employer are treated. Feedback shows that the main concern of employers is cost. The valuation would continue to the end of this calendar year, and would be presented to the March 2017 meeting of the Committee. It was expected that the valuation would result in limited overall change in contribution rates, but there would be variations for particular employers, which would need to be carefully explained to them.

A Member asked when it was estimated that 100% funding would be achieved. The Head of Business, Finance and Pensions said that there were variations between employers. He thought that a deficit recovery period of 12 or 15 years was the maximum that could be demanded in the current financial circumstances. Some employers would like a shorter recovery period because of changed demographics, for example. It would be interesting to see what view GAD took on an appropriate recovery period.

The Chair noted that it had been reported in the Financial Times that day that ten local authorities in the West Midlands were refusing to pay contribution increases. It was encouraging that this was not happening in the Avon Fund.

**RESOLVED** to note the update.

#### **101 GAD SECTION 13 REPORT ON LGPS FUNDS**

The Head of Business, Finance and Pensions presented the report.

**RESOLVED** to note the Section 13 Dry Run Report.

[Tony Whitlock and Mark King left the meeting].

#### **102 RISK MANAGEMENT UPDATE**

The Acting Pensions Manager presented the report and distributed copies of the Avon Pension Fund Risk Register.

The Chair welcomed the improved format of the report, which now showed the trend, where the likely impact would be, the current status of the risk and a commentary. It was now much easier to spot changes.

**RESOLVED** to note the report.

#### **103 TRAINING AND WORK PLAN UPDATE**

[This item was taken before minute items 101 and 102 to allow two Members to leave to catch their trains.]

The Head of Audit West said it was important that the Training Plan was kept up to date to ensure it remained fit for purpose, and asked Members to let him know of any changes they thought should be made.

The Chair asked Members to keep their training logs up to date and to notify any training undertaken to the Head of Audit West, so that it could be entered into the central record.

**RESOLVED** to note the report and endorse the high-level Training and Work Plans outlined in Appendices A and B and a that a table of LPB Members' training from appointment to the end of 2016 would be presented to the next meeting.

#### **104 CHAIRMAN'S REVIEW OF MEETING**

The Chair said that, given the time pressures there had been today, it would be inadvisable to have two presentations at any future meeting. A Member suggested that it would be helpful if presentations could be circulated to Members before the meeting; this would allow more time for Members' discussion and questions at the meeting.

The Chair said that TPR had issued a 15-page self-assessment document for Members. He suggested he should complete it on behalf of the Board in consultation with officers to feed into the TPR annual survey of LGPS funds, and that the reply would be made available to LPB members. This was agreed by the Board.

**105 DATE OF NEXT MEETING**

The next meeting is scheduled for 16 February 2017 at 2pm.

Because of the travel problems experienced by Members today, it was agreed that the next meeting should be held in Bath.

The meeting ended at 4.11 pm

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**

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By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Agenda Item 9

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

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<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>LOCAL PENSION BOARD</b>
MEETING DATE:	<b>16<sup>th</sup> February 2017</b>
TITLE:	<b>LGPS Update – Latest Developments</b>
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:-</b>	
Appendix 1	Summary of Consultations and Surveys

## **1 THE ISSUE**

1.1 This report summarises key developments within the Local Government Pension Fund sector, the most significant of these being the proposal for pooling of investments. (Separate verbal update will be given on this item)

## **2 RECOMMENDATION**

### **That the Pension Board**

2.1 Notes the report and latest developments and considers the issues in light of their own work plan.

## **3. FINANCIAL IMPLICATIONS**

3.1 There are no direct implications related to the Pension Board in connection with this report.

3.2 With regard to the Pension Fund there will be costs associated with setting up a pooled arrangement. These are a matter for the Pension Fund and will be costed once there is a decision as to the pooling arrangements to be established.

## **4 REPORT**

4.1 In May the Board was updated on key national developments regarding the future of Local Government Pension Funds and detail on the proposed pooling arrangements. The implications in this area are highly significant and could lead to major changes to future governance structures with regard to Local government pension Funds.

4.2 The Head of Pensions will verbally update the Board on the latest position with regard to these significant changes and also refer to the key developments and consultations outlined in Appendix 1.

**5. RISK MANAGEMENT**

5.1 A proportionate risk assessment has been undertaken and there are no significant issues to report, as this is an information report.

**6 EQUALITIES**

6.1 An equalities impact assessment is not necessary.

**7 CONSULTATION**

7.1 Report has been subject to consultation with S151 Officer.

<b>Contact person</b>	Tony Bartlett; Head of Business Finance & Pensions 01225 477302 Liz Woodyard; Investments Manager 01225 395306 Alan South; Technical & Compliance Manager 01225 395283 Jeff Wring; Head of Audit West 01225 477323
<b>Background papers</b>	Various Statistical Records
<b>Please contact the report author if you need to access this report in an alternative format</b>	

Update of Matters circulating that are likely to affect Scheme Administration FEB 2017

Organisation	Subject	Link	Comments
HM Treasury  <b>NEW</b>	Pensions scams: consultation	<a href="https://www.gov.uk/government/consultations/pension-scams/pensions-scams-consultation">https://www.gov.uk/government/consultations/pension-scams/pensions-scams-consultation</a>	Published 5 December and closing on 13 February 2017, This consultation sets out a package of measures aimed at tackling three different areas of pensions scams, a cold calling ban consulting on clarifying the law so that Funds can block pension transfers based if concerned it's a Scam, and looking at single member occupation pension schemes only being registered by active companies
<b>NEW</b>	Indexation and equalisation of GMP in public service pension schemes	<a href="https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes">https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes</a>	Published on 28 November 2016, and closes on 20 February 2017, this consultation is seeking views on how to address the implications of State Pension reforms for Guaranteed Minimum Pensions (GMP) of public servants below State Pension age.
<b>UPDATED</b>	Reforms to public sector exit payments: response to the consultation	<a href="https://www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments">https://www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments</a>  Enterprise Commencement Regulations  <a href="http://www.legislation.gov.uk/ukxi/2017/70/pdfs/ukxi_20170070_en.pdf">http://www.legislation.gov.uk/ukxi/2017/70/pdfs/ukxi_20170070_en.pdf</a>	Introduction of new regulations for exit payments appear to have been further delayed. <ol style="list-style-type: none"> <li>1. recovery of exit payments for high earners who are re-employed actual regulations expected any time</li> <li>2. the £95k cap for exit. Employment Enterprise Regulations have commencement regulations effective from 1 February 2017 short consultation possible awaiting further information</li> <li>3. Third tranche on exit payments Government responded to the consultation on reforming exit payments across the public sector. Departments asked to submit details of their proposals, including limits on employer funded early access to pension benefits (e.g. redundancy and business efficiency retirements in the LGPS).</li> </ol>
	Actual valuation and Cost cap mechanism	<a href="http://www.lgpsboard.org/images/Guidance/pspav.pdf">http://www.lgpsboard.org/images/Guidance/pspav.pdf</a>	The review the cost cap mechanism that was implemented as part of the national reforms of Public Sector Pensions.
HM Revenues & Customs	Revenue and Customs Brief 14 (2016): VAT, Deduction of VAT on pension fund management costs following Court of Justice of the European Union decision in PPG	<a href="https://www.gov.uk/government/publications/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-">https://www.gov.uk/government/publications/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-</a>	Changes to the reclamation of VAT on fund management costs may affect LGPS funds once pooling is in place. These changes were originally due with effect from 1st January 2017 but have now been pushed back to 1st January 2018. Project Brunel will be keeping an eye on how it is evolving and take appropriate advice. Consultation closed 31 December 2017

		<a href="#">of-justice-of-the-european-union-decision</a>	
<b>DCLG</b>	Local government pension scheme statistics	<a href="https://www.gov.uk/government/consultations/local-government-pension-scheme">https://www.gov.uk/government/consultations/local-government-pension-scheme</a>	This collection brings together all statistics on the local government pension scheme in England and Wales
<b>UPDATED</b>	LGPS Regulations: Draft Amendment Regulations with Best Value & Fair Deal consultation and freedom and Choice options	<a href="https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations">https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations</a>	<p>This consultation reviews the approach for Best Value and Fair Deal for the transfer of staff. Closed 20 August 2016. Response has led to DCLG deciding to split these away from the amendment regulations as rethink required. Nothing expected before June 2017</p> <p>The other amendments will be processed earlier but need changes to the Freedom and Choice section so short consultation may be required. Provisional expected date of Mar/Apr 2017 is appears unlikely</p>
	LGPS investment regulations	<a href="http://www.legislation.gov.uk/ukxi/2016/946/contents/made">http://www.legislation.gov.uk/ukxi/2016/946/contents/made</a>	These regulations were laid before parliament on 23 <sup>rd</sup> September and come into force from 1st November 2016. They remove many of the investment restrictions imposed on LGPS funds, introduce a prudential framework for investment decision making, introduce a Power of Direction for the Secretary of State to intervene in the investment function of an Administering Authority if deemed necessary, and require all funds to publish a new Investment Strategy Statement by 1st April 2017
	Guidance on Preparing and Maintaining an Investment Strategy Statement' (ISS)	<a href="https://www.gov.uk/government/publications/local-government-pension-scheme-guidance-on-preparing-and-maintaining-an-investment-strategy-statement">https://www.gov.uk/government/publications/local-government-pension-scheme-guidance-on-preparing-and-maintaining-an-investment-strategy-statement</a>	<p>The ISS replaces the Statement of Investment Principles and DCLG has also published their 'Guidance on Preparing and Maintaining an Investment Strategy Statement' to assist funds. This was issued on the 15th of September. Many aspects of the new ISS are similar to the SIP, although there are a few notable additions:</p> <p>The need for Administering Authorities to take proper advice (in numerous areas, although 'proper advice' does not seem to be clearly defined anywhere)</p> <p>The need to state the Authority's approach to pooling investments, including the use of collective investment vehicles and shared services The submission of an annual report on the progress of asset transfers to the Scheme Advisory Board, and A strengthened section on the exercise of rights (including voting rights) attaching to investments.</p> <p>This latter part of the guidance states that Administering Authorities should become signatories to the Stewardship Code and state</p>



			how they implement the seven principles and guidance of the Code on a “comply or explain” basis.
	Response to Investment Regulations consultations	<a href="https://www.gov.uk/government/consultations/revoking-and-replacing-the-local-government-pension-scheme">https://www.gov.uk/government/consultations/revoking-and-replacing-the-local-government-pension-scheme</a>	Outlines the Government response to the investment regulations consultation.
<b>The Pension Regulator (TPR)</b>	Public Sector pensions website update	<a href="http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx">http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx</a>	The Regulator has recently made some updates to the public service toolkit. The toolkit which provides a foundation to effective scheme governance and administration has been updated and additional guides and checklist have been published.
<b>Government Actuaries Department (GAD)</b>	Section 13 Dry Run Report  Section 13 Report appendices showing APF results	<a href="http://www.lgpsboard.org/images/Reports/Section13DryRun20160711.pdf">http://www.lgpsboard.org/images/Reports/Section13DryRun20160711.pdf</a> <a href="http://www.lgpsboard.org/images/Reports/Section13DryRunAppendices20160711.pdf">http://www.lgpsboard.org/images/Reports/Section13DryRunAppendices20160711.pdf</a>	The Government Actuary's Department (GAD) have completed a “dry run” section 13 analysis based on the 2013 local valuations. This analysis assesses whether the four main aims; compliance, consistency, solvency and long term cost effectiveness; have been achieved.
	Managing risks in the public service pension schemes	<a href="https://www.gov.uk/government/publications/managing-risks-in-public-service-pension-schemes-thoughts-on-measures-and-control-mechanisms">https://www.gov.uk/government/publications/managing-risks-in-public-service-pension-schemes-thoughts-on-measures-and-control-mechanisms</a>	GAD has published a document outlining its thoughts on a report published in June from the National Audit Office on the Government's public sector pension liability. The document sets out some ideas on appraising long-term risks for public sector pension schemes.
<b>Financial Conduct Authority (FCA)</b>	CP16/29: Markets in Financial Instruments Directive II implementation – Consultation Paper III	<a href="https://www.fca.org.uk/publications/consultation-papers/cp16-29-mifid-ii-implementation">https://www.fca.org.uk/publications/consultation-papers/cp16-29-mifid-ii-implementation</a>	This consultation closed on 4 January 2017, and looked at the Markets in Financial Instruments Directive II (MiFID II) which takes effect on 3 January 2018. The main concern for the LGPS is all investors would be treated as “retail” investors as opposed to “professional” clients. This would have significant implications for the investments available to LGPS Funds and significantly impede the implication of investment pooling. A response was drafted by the Brunel Pension Partnership on behalf of the 10 Founder Funds and can be viewed at the following link: <a href="https://www.brunelpensionpartnership.org/en/news/2017/01/bpp-response-to-mifid-ii-consultation">https://www.brunelpensionpartnership.org/en/news/2017/01/bpp-response-to-mifid-ii-consultation</a>
<b>Scheme Advisory Board(SAB)</b>	Academies’ review	<a href="http://www.lgpsboard.org/index.php/structure-reform/review-of-academies">http://www.lgpsboard.org/index.php/structure-reform/review-of-academies</a>	SAB in support of its work plan for 2016/17, invited proposals from interested parties to assist it in developing options with regard to the plan to convert all schools to academies and what this would mean for LGPS pension funds and their host authorities. This outcome of this initial work will be considered by the SAB prior to it potentially making recommendations to the Secretary of State.
	Investment fees - Code of Transparency	<a href="http://www.lgpsboard.org/index.php/structure-reform/cost-transparency">http://www.lgpsboard.org/index.php/structure-reform/cost-transparency</a>	The move toward investment fee transparency and consistency is seen by the Board as an important factor in the LGPS being perceived as a value led and innovative scheme. Transparency is also a target for the revised CIPFA accounting standard issued for inclusion in the statutory annual

			<p>report and accounts and included in the government's criteria for pooling investments.</p> <p>To assist LGPS funds in obtaining the data they require in order to report costs on a transparent basis the Board is working to develop a voluntary Code of Transparency for LGPS asset managers</p>
<b>NEW</b>	Committees – membership & remit	<a href="http://www.lgpsboard.org/index.php/sub-comms/membership-remit">http://www.lgpsboard.org/index.php/sub-comms/membership-remit</a>	The new Committee and sub-Committee have been announced. Alan South [Technical Advisor] is a substitute for the Cost Management & Scheme Design Committee as a practitioner representative.
<b>CIPFA</b> <b>NEW</b>	LGPS Fund Accounts 2016/17: Example Accounts and Disclosure Checklist [Dec 2016]	<a href="http://www.cipfa.org/policy-and-guidance/publications//lgps-fund-accounts-201617-example-accounts-and-disclosure-checklist-online?">http://www.cipfa.org/policy-and-guidance/publications//lgps-fund-accounts-201617-example-accounts-and-disclosure-checklist-online?</a>	
	Investment pooling guidance	<a href="http://www.cipfa.org/policy-and-guidance/publications/i/investment-pooling-governance-principles-for-lgps-administering-authorities-online">http://www.cipfa.org/policy-and-guidance/publications/i/investment-pooling-governance-principles-for-lgps-administering-authorities-online</a>	Guidance for Funds to consider when setting up pooling of investments.
	Funding Strategy Statement Guidance	<a href="http://www.cipfa.org/policy-and-guidance/publications/p/preparing-and-maintaining-a-funding-strategy-statement-in-the-lgps-2016-edition">http://www.cipfa.org/policy-and-guidance/publications/p/preparing-and-maintaining-a-funding-strategy-statement-in-the-lgps-2016-edition</a>	This guidance has now been published and it helps authorities to review and update their FSS to take account of this new guidance and associated regulatory changes.

Those highlighted in Grey are those previously reported but no further developments have been made

## Bath & North East Somerset Council

MEETING:	<b>LOCAL PENSION BOARD</b>
MEETING DATE:	<b>16<sup>th</sup> February 2017</b>
TITLE:	<b>Avon Pension Fund Valuation Update</b>
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	

### 1 PURPOSE OF THE REPORT

This report summarises the results from the triennial valuation as at 31<sup>st</sup> March 2016 and the distribution of the results to scheme employers.

### 2 RECOMMENDATION

**That the Pension Board notes:**

2.1 The outcome of the actuarial valuation 2016.

### 3 FINANCIAL IMPLICATIONS

3.1 The actuarial valuation sets the contribution rates for employers for the 3 years commencing 1 April 2017.

### 4 ACTUARIAL VALUATION 2016 OUTCOME

4.1 The Local Government Pension Scheme (LGPS) Regulations require LGPS funds to have an actuarial valuation every three years. The 2016 valuation has a base date of 31 March 2016 with new employer rates effective from 1 April 2017.

4.2 The initial outcome of the valuation is as follows:

	2013	2016
Deficit	£876m	£581m
Funding Level	76%	87%
Value of assets	£3,147m	£3,737m
Value of Liabilities	£4,023m	£4,318m
Average employee contribution rate	6.3%	6.4%
Average future service rate (employer)	13.9%	15.2%
Average annual past service deficit payments	£43m	£37m
Past service recovery period (years)	20	17

4.3 The aim of the 2016 valuation was to maintain stable employer contribution rates where possible, and the Funding Strategy Statement (FSS), which was approved by the Avon Pension Fund Committee in September 2016, set out the parameters as to how this objective would be met.

4.4 The average deficit recovery period for the Fund reduced from 20 years (2013) to 17 years (2016) and the funding level has increased from 76% to 87%. On a Fund level, the employers' contribution rates have increased from an average of 13.9% to 15.2%.

**5 COMMUNICATION WITH EMPLOYING BODIES**

5.1 An Investments Forum was held on 21 November where the Actuary explained the impact of the change in the discount rate (using expected return on assets relative to CPI), removal of the allowance of the 50/50 scheme and changes in other financial and demographic assumptions.

5.2 At the time of writing, the majority of employing bodies had been notified of their revised rates and officers are responding to queries from employers. In total 4 of the 283 employers have not received their valuation results due to some membership queries requiring further investigation.

5.3 All employer schedules were checked by officers who identified any significant increases in employer contribution rates. In order to assist affordability and to maintain stability on payments, three year phasing in line with our FSS was applied to the future service rate and deficit with the exception of Transferee Admission bodies due to their potentially limited participation in the LGPS.

5.4 The final 2016 actuarial report will be published by 31 March 2017.

**6 RISK MANAGEMENT**

6.1 No significant issues to report, as this is an information report.

**7 EQUALITIES**

7.1 An equalities impact assessment is not necessary.

**8 CONSULTATION**

7.1 Report has been subject to consultation with S151 Officer.

<b>Contact person</b>	Liz Woodyard; Investments Manager 01225 395306
<b>Background papers</b>	Actuary reports and presentations
<b>Please contact the report author if you need to access this report in an alternative format</b>	

<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>LOCAL PENSION BOARD</b>
MEETING DATE:	<b>16 February 2017</b>
TITLE:	<b>PENSION FUND ADMINISTRATION – COMPLIANCE REPORT</b> <b>(1) SUMMARY PERFORMANCE REPORT TO 31 DECEMBER 2016</b> <b>(2) PERFORMANCE INDICATORS TO 31 DECEMBER 2016</b> <b>(3) TPR COMPLIANCE</b>
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
<p><b>List of attachments to this report:</b></p> <p>Appendix 1 – Membership data</p> <p>Appendix 2 – KPIs and Caseloads</p> <p>Appendix 3 – Employer Performance</p> <p>Appendix 4 – TPR Data Improvement Plan</p> <p>Appendix 5 – Late Payers – as at 30 November 2016</p> <p>Appendix 6 - Retirement customer service questionnaire results</p>	

## **1 THE ISSUE**

- 1.1 The purpose of this report is to inform the Pension Board of performance figures for Fund Administration for the three months to 31 December 2016.
- 1.2 Further to the introduction of The Pension Regulator (TPR) Code of Practice 14 and The Public Service Pensions (Record Keeping & Miscellaneous Amendments) Regulations 2014, this report includes progress on the TPR Data Improvement Plan and levels of employer compliance.

## **2 RECOMMENDATION**

The Board is asked to note:

- 2.1 Membership data, Employer Performance and Avon Pension Fund Performance for the 3 months to 31 December 2016
- 2.2 Progress and reviews of the TPR Data Improvement Plan

## **3 FINANCIAL IMPLICATIONS**

- 3.1 There are no direct implications related to this report as it is an information report.

## **4 MEMBERSHIP TRENDS**

- 4.1 Appendix 1 provides a detailed breakdown of employer/member ratio and split between whole time and multiple employment membership as well as a snapshot of individual employer and member make up. The increasing number of new smaller employers to the Fund as part of the fragmentation of the employer base (newly created Academies and Transferee Admitted Bodies) has a direct impact on the administration workload with increased movement between employers, especially within the education sector. Continued development of data reporting going forward will enable further understanding of the demographic nature of employer type and associated member make up as employers continue to evolve.

## **5 LATE PAYERS**

- 5.1 The Fund is required to monitor the receipt of contributions and report materially significant late payments to the Pensions Regulator.
- 5.2 The Fund maintains a record of all late payments, showing the days late, the amount of payment and reason for delay and whether the amount is of significance.
- 5.3 Appendix 5 reports late payers in the period to 30 November 2016. There were a small number of late payments in the reporting period, none of which were of material significance and therefore recorded internally but not reported to TPR. The Fund has taken mitigating action in each case to ensure employers are aware of their responsibilities going forward.

## **6 EMPLOYER PERFORMANCE**

- 6.1 The leaver form checking process continues, immediately flagging employer data submission errors and omissions. It also addresses any issues at point of receipt enabling a prompt communication back with employers where necessary.
- 6.2 During the period from 1 October to 31 December a total of 2,277 leaver forms were received with an average error rate of 27.75%. Reporting on types of errors and by employer is now possible. This has enabled the Fund to analyse the data and work with employers to improve the quality of their leaver forms.
- 6.3 For this period the biggest percentage of errors is from incorrect pay calculations and National Insurance / Pension Contribution figures.
- 6.4 The programme of training courses continues to guide employers through the leaver form in more detail and includes comprehensive training on pay calculations.
- 6.5 Following the completion of the Task Workflow project employer performance can now be accurately reported for submission of leaver data in accordance with Service Level Agreements. Data will be reviewed with Unitary Authorities as part of the regular review meetings.
- 6.6 With the introduction of the new Employer Relations Team poorly performing employers will be targeted for additional training and site visits. Once the Team is fully staffed a comprehensive review of performance and a training plan will be put together and submitted to the Committee and Pension Board.

## **7 AVON PENSION FUND ADMINISTRATION PERFORMANCE**

### **7.1 Key Performance Indicators for the 3 months to 31 December 2016**

- 7.2 The information provided in this report is based on the Avon Pension Fund's Service Level Agreement which falls in line with the industry standards set out by the LGPC & used in CIPFA benchmarking. All standards fall within the regulatory guidelines set out in The Occupational & Personal Pension Schemes (Disclosure of Information) Regulations 2015 which require provision of information to members.
- 7.3 Full details of performance against target, in tabular and graph format, are shown in Appendix 2.
- 7.4 Following completion in November 2016 of the strategic project to overhaul Task Workflow a new suite of report extracts have been written and introduced to measure SLA standards for processing administration tasks. At the same time new RAG reporting standards have been set, replacing those previously in use which were deemed inconsistent. The new reports have flagged a high proportion of internal performance as being below standard. This can be evidenced by limited workforce availability and high volume of workload during the reporting period. Work targets are being set to improve performance over the coming months and the appointment of additional officers following the administration restructure should reflect an improvement of KPI's in future reports. For the purpose of this report the KPI's based on the previous RAG scale have been included for comparison.

### **7.5 Admin Case Workload**

- 7.6 The level of work outstanding from tasks set up in the 3 month period is reported in Appendix 2 Annex 1 & 2 by showing what percentage of the work is outstanding. As a snapshot, at 31 December 2016 there were 6,067 cases outstanding of which 77% represents actual workable cases and 23% represents cases that are part complete, pending a third party response.
- 7.7 The increase in workable cases is due to a combination of events:
- The checking of leaver forms continues on the Member Services Team meaning that the Team have less resource available to work on other outstanding cases.
  - Following the restructure the Member Services Team have 1x vacant post at Senior Pension Officer, 3x at Pension Officer and 1x at Assistant Pension Officer level. 2x Pension Officer posts are currently filled by temporary appointments, pending recruitment of permanent staff due to take place over the next couple of months.
  - The volume of incoming work has remained high and is expected to increase further following the issue of member lists to all employers requesting they cleanse their data for this year end and send outstanding starter and leaver information.
  - The overall outstanding cases remains high due to app 2,000 linking tasks set up in September 2016. A process for dealing with all new linking cases

has been rolled out to the Member Services Team and a monthly report will now be run to pick up new cases. The 2,000 cases include the remaining backlog of cases built up between April 2014 and September 2016 which were not cleared as part of the project. Heywood only updated Altair to allow correct processing of these cases in May 2016.

- A project has started to reduce the number of cases held at 'reply due' stage. As at the end of June 2016, 2,900 cases were at 'reply due'. At the end of September this had reduced to 1,767 cases. At the end of December it reduced further to 1,367. Although the project has ceased following the restructure the new Task Workflow system incorporates chasing as part of the everyday process and so reply dues should remain constant or reduce further.

7.8 Performance reports have been reviewed as part of the Task Workflow Project which concluded on 4<sup>th</sup> November 2016 and are included in this report. The ongoing maintenance of the workflows and procedures will form part of the new Quality Assurance Team following the re-structure.

## **8 BREACHES**

### **8.1 Year End 2015/16 employer breaches**

8.2 Of the 31 employers who breached the data queries exceeding 10% of membership levels set by the APF 29 have undertaken the bespoke training workshop to improve performance. Data Improvement Plans have been issued to all of them asking for their commitment to improve their data at this Year End. The penalty fine (£250) has been issued to the remaining employers who did not attend the training together with notification that they will be reported to TPR if continue to breach TPR Code. The breaches control spreadsheet has been updated according to the employer's response. All fined employers will be closely monitored during the year end process to ensure they are meeting the requirements of their Data Improvement Plan.

8.3 The above breaches are not considered material breaches. They will be reported to the Pensions Board and Pensions Committee, but are not considered of a significant nature to be reported to the Pensions Regulator. However the possibility of reporting employers to The Pension Regulator was explained at the training sessions.

8.4 The number of breaches for 2015/16 was significantly lower than previous years, indicating that promotion to all employers of their Year End responsibilities, the breaches policy, potential penalty fines as well as training opportunities and support from APF are proving effective.

## **9 CUSTOMER FEEDBACK – RETIREMENT QUESTIONNAIRE**

9.1 Following the launch of the online questionnaire for recent retirees, we have had a small number of responses (19), allowing us to report initial levels of customer satisfaction with the APF to 31 December 2016.

9.2 Appendix 6 highlights the responses. In summary, 72% of respondents indicated that they were very satisfied (55%) or fairly satisfied (17%) with service they received from the Avon Pension Fund.



9.3 We are continuing to explore ways to gather more customer feedback and will report back to the Board on progress.

## 10 TPR DATA IMPROVEMENT PLAN

10.1 A summary of the Data Improvement Plan as at 31 December 2016 is shown below with a comprehensive breakdown attached in Appendix 4 together with an overview of overall progress made on the Data Improvement Plan since it was set up in September 2015.

<b>Data type</b>	<b>Cases brought forward</b>	<b>New cases</b>	<b>Completed</b>	<b>Outstanding</b>	<b>Completeness as % of membership</b>
Actives	1,677	258	618	1,317	99.725%
Deferreds	4,642	362	230	4,774	98.838%
Pensioners	96	5	19	82	99.958%
Dependants	11	23	12	53	99.828%
<b>Total</b>	<b>6,426</b>	<b>648</b>	<b>879</b>	<b>6,226</b>	<b>99.59%</b>

10.2 The Year End process for 2016/17 has now started with a membership list and details of outstanding TPR queries being sent to all employers at the end of January with a request to cross check data and send any outstanding starters, leavers & other data by mid-March so that records can be updated before the Year End data requests are made to all employers by 1 April. Work is still continuing with BANES and North Somerset councils to resolve all queries before the end of the year and before they resume data provision via IConnect.

10.3 The Pension Payroll Team has considerably reduced the queries in respect of out of date addresses. So far searches for missing addresses have been mainly on an individual basis using Tracesmart (Lexis Nexis) and therefore progress has been slow. In order to reduce the missing addresses for deferred members a bulk request of 100 addresses a time will be made using Accurate Data Services Ltd (Heirtrace).

## 11 TPR DATA IMPROVEMENT PLAN - REVIEW

11.1 The data improvement plan was set up in September 2015. The initial queries that required investigation are set out in the table below, together with a summary of all new cases identified and cases completed during the period 31 July 2015 to 31 December 2016. The final column is the current outstanding queries.

<b>Data</b>	<b>Cases as at 31 July 2015</b>	<b>New cases in period</b>	<b>Completed cases in period</b>	<b>Current outstanding</b>
<b>Actives</b>				
Addresses	664	336	647	353
Other	1,821	452	1,811	462
<b>Deferreds</b>				
Addresses	5,948	1,209	3,047	4,110
Other	77	4	77	4
<b>Pensioners</b>				
Addresses	344	22	288	78
Other	15	11	22	4
<b>Dependants</b>				
Addresses	59	5	33	31
Other	48	43	69	22
Historic Refunds	912	0	252	660
Leaver Forms missing	304	1,711	1,566	449
Starters missing	169	399	515	53
<b>Total</b>	<b>10,361</b>	<b>4,192</b>	<b>8,327</b>	<b>6,226</b>

11.2 The main priorities of the initial improvement plan aimed to clear all active member data queries, all deferred addresses for members over the age of 55 and clear all historic refunds.

11.3 The table shows that if no new queries had been identified the target would have been achieved for active members.

11.4 Good progress has been made clearing deferred addresses. The main focus has been on tracing members over 55. At the beginning of the plan there were 833 addresses for members over the age of 55. There are still 540 to resolve although traces have been tried using Tracesmart and are now either with Heirtrace or due to be sent to Heirtrace for further investigation.

11.5 The main resource for resolving TPR queries is currently on long term sickness so there has been a slowing of resolving queries particularly for deferred addresses and tracing addresses for historic refund cases.

11.6 Once the Employer Services (Data Control) Team is fully staffed resource will be put into tracing more members and the use of Heirtrace to trace members in bulk will also be increased.

11.7 A revised Data Improvement Plan will be submitted to the next Committee/Board meeting.

## **12 EQUALITIES**

12.1 No items in this report give rise to the need to have an equalities impact assessment

### 13 CONSULTATION

13.1 None appropriate

### 14 ISSUES TO CONSIDER IN REACHING THE DECISION(S)

14.1 There are no issues to consider not mentioned in this report.

### 15 ADVICE SOUGHT

15.1 The Council's Monitoring Officer (Divisional Director – Legal & Democratic Services) and Section 151 Officer (Divisional Director - Business Support) have had the opportunity to input to this report and have cleared it for publication.

<b>Contact person</b>	Geoff Cleak, Pensions Manager Tel: 01225 395277
<b>Background papers</b>	Various statistical documents
<b>Please contact the report author if you need to access this report in an alternative format</b>	

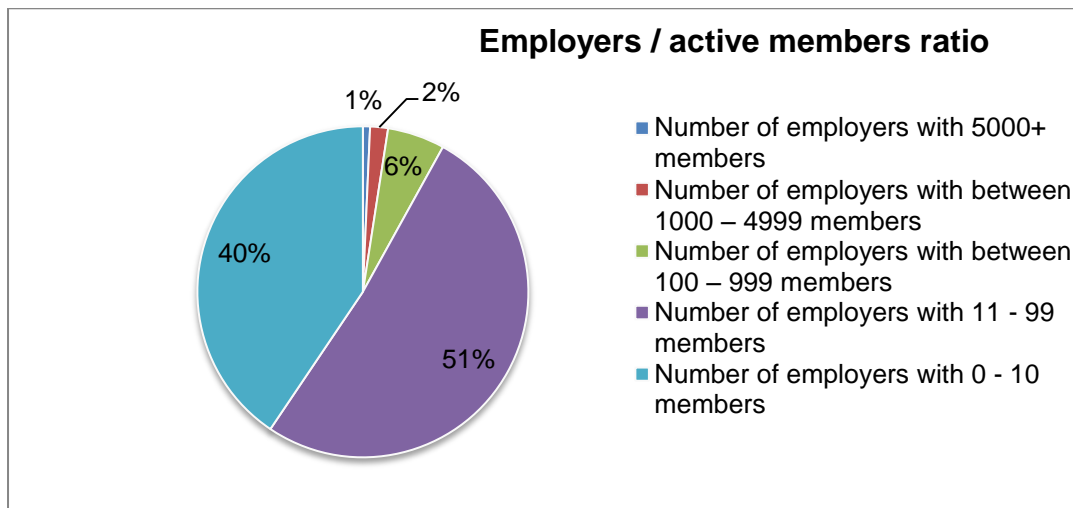
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Annex 1 - Active membership

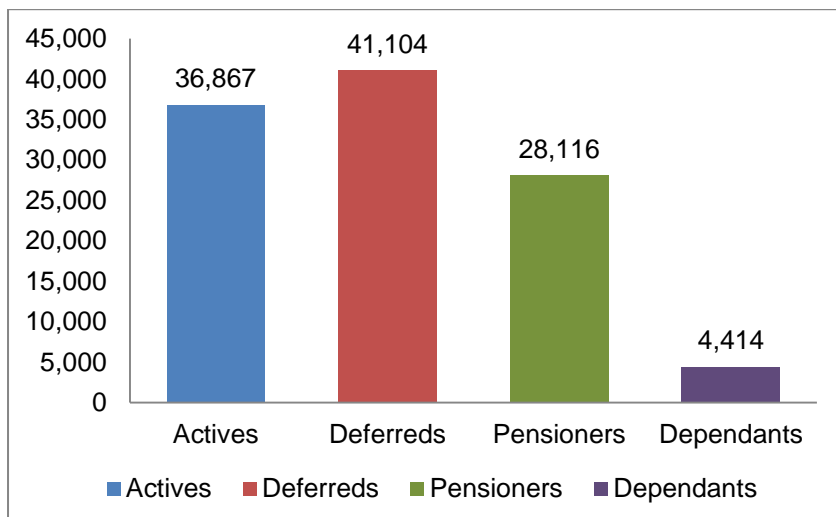
Total Active Members	36,867
Total Active Records	29,839
Total Active Members with more than 1 active record	3,182

Annex 2 - Employers / active member ratio

Employers / active members ratio		
Number of employers with 5000+ members	2	1%
Number of employers with between 1000 – 4999 members	5	2%
Number of employers with between 100 – 999 members	16	6%
Number of employers with 11 - 99 members	147	51%
Number of employers with 0 - 10 members	116	40%
<b>Total</b>	<b>286</b>	<b>100%</b>



Annex 3 – Total number of member records by type – as at 31 December 2016



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**Fund performance - Key Performance Indicators**

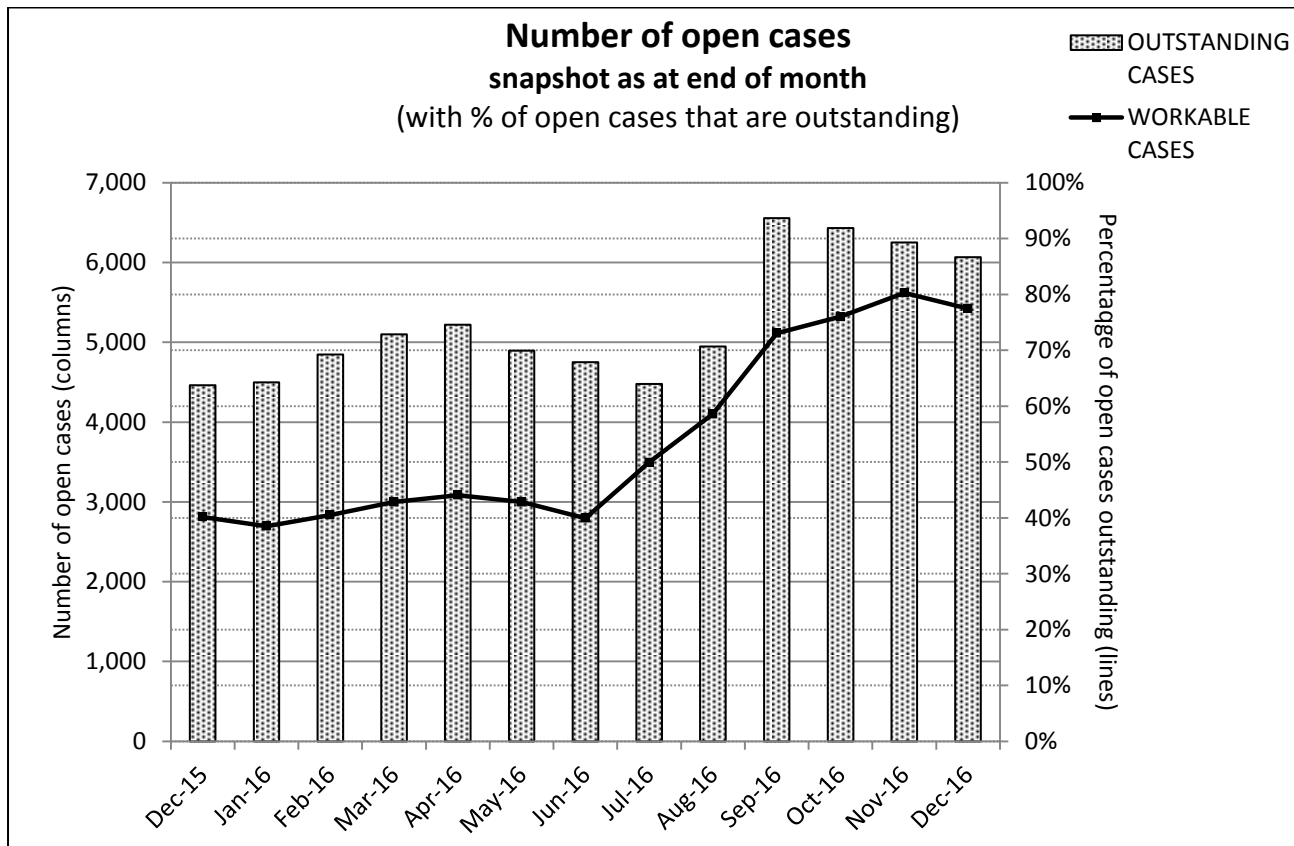
as at 31 December 2016

Appendix 2

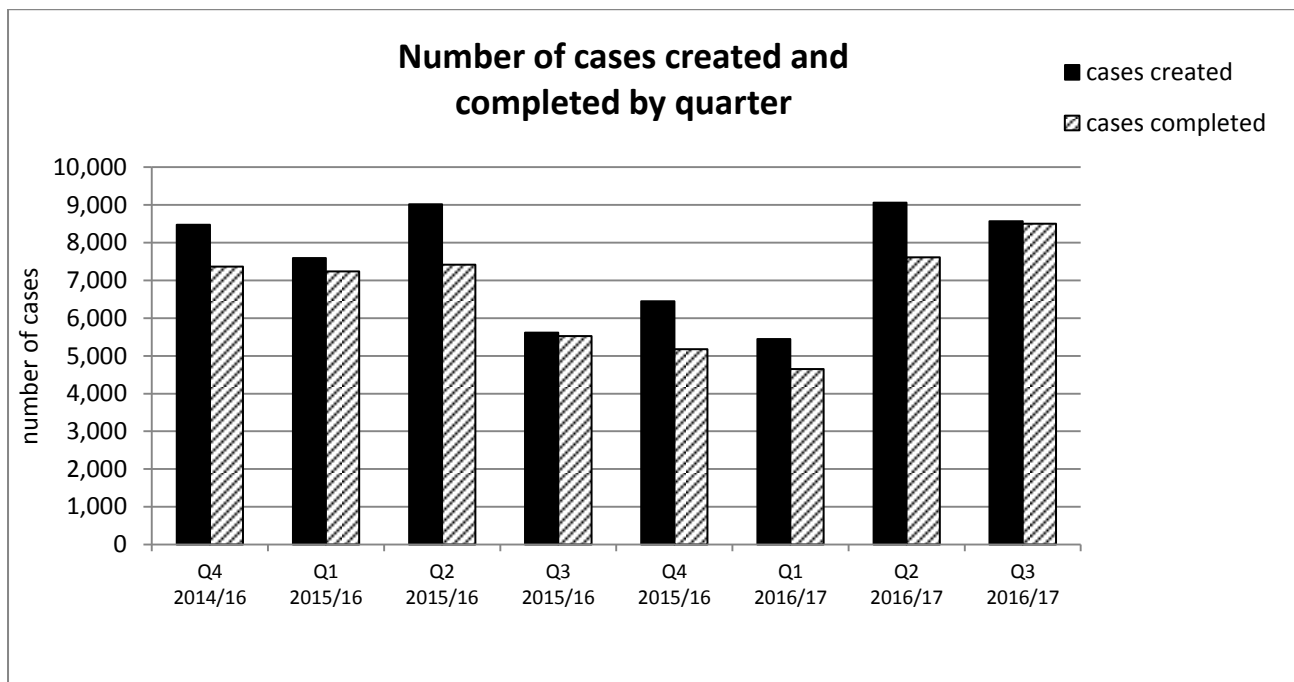
SLA standards for processing admin tasks		3 months to 31/12/16	2015/16 actual	2016/17 target	New RAG	Previous RAG scale	Periods ago			Notes
							1	2	3	
Retirement (from Active)	Quote - 5 days	21.47%		100%	R	A				354 cases 76 within target
	Payment - 5 days	38.89%		100%	R	A				342 cases 133 within target
Retirement (from Deferred)	Quote - 30 days	27.50%		100%	R	A				40 cases 11 within target
	Payment - 5 days	60.00%		100%	R	G				115 cases 69 within target
Deaths	Notification - 5 days	82.76%		100%	A	G				116 cases 96 within target
	Payment - 5 days	23.64%		100%	R	A				55 cases 13 within target
Refund of contributions	Quote - 5 days	14.29%		100%	R	R				441 cases 63 within target
	Payment - 10 days	68.84%		100%	R	G				398 cases 274 within target
Deferreds (early leavers)	20 days	5.85%		100%	R	R				598 cases 35 within target
Transfers In	Quote - 10 days	15.15%		100%	R	R				33 cases 5 within target
	Payment - 10 days	0		100%						No cases processed in period
Transfers Out	Quote - 10 days	5.29%		100%	R	R				189 cases 10 within target
	Payment - 10 days	47.06%		100%	R	A				17 cases 8 within target
Estimates	10 days	N/A		100%						No data available at present
Year End data from employer	by 30 June	0	95%	100%	G					N/A this period
Issue ABS	by 31 August	0	96%	100%	G					N/A this period
Notify scheme changes	within 3 months	0	100%	100%	G					N/A this period
Issue Active newsletter	2 per year	0	2	2	G					None issued this period
Issue Pensioner newsletter	1 per year	0	1	1	G					None issued this period
<b>Other performance standards</b>										
Retirements survey - satisfaction %		72%		65%	G					New survey implemented
% of employers signed up to submit data electronically (ESS/iConnect)		74.39%	58%	70%	G					New reporting criteria
% of active membership covered by ESS/iConnect		97.74%	72%	90%	G					New reporting criteria
% of all members with electronic access (MSS)		14.56%								No annual target set
% of active members with electronic access (MSS)		18.62%								No annual target set

New RAG Key		Previous RAG	
Red	Less than 75%	Red	Less than 20%
Amber	75 - 89%	Amber	21% - 59%
Green	90 - 100%	Green	60 - 100%

Annex 2



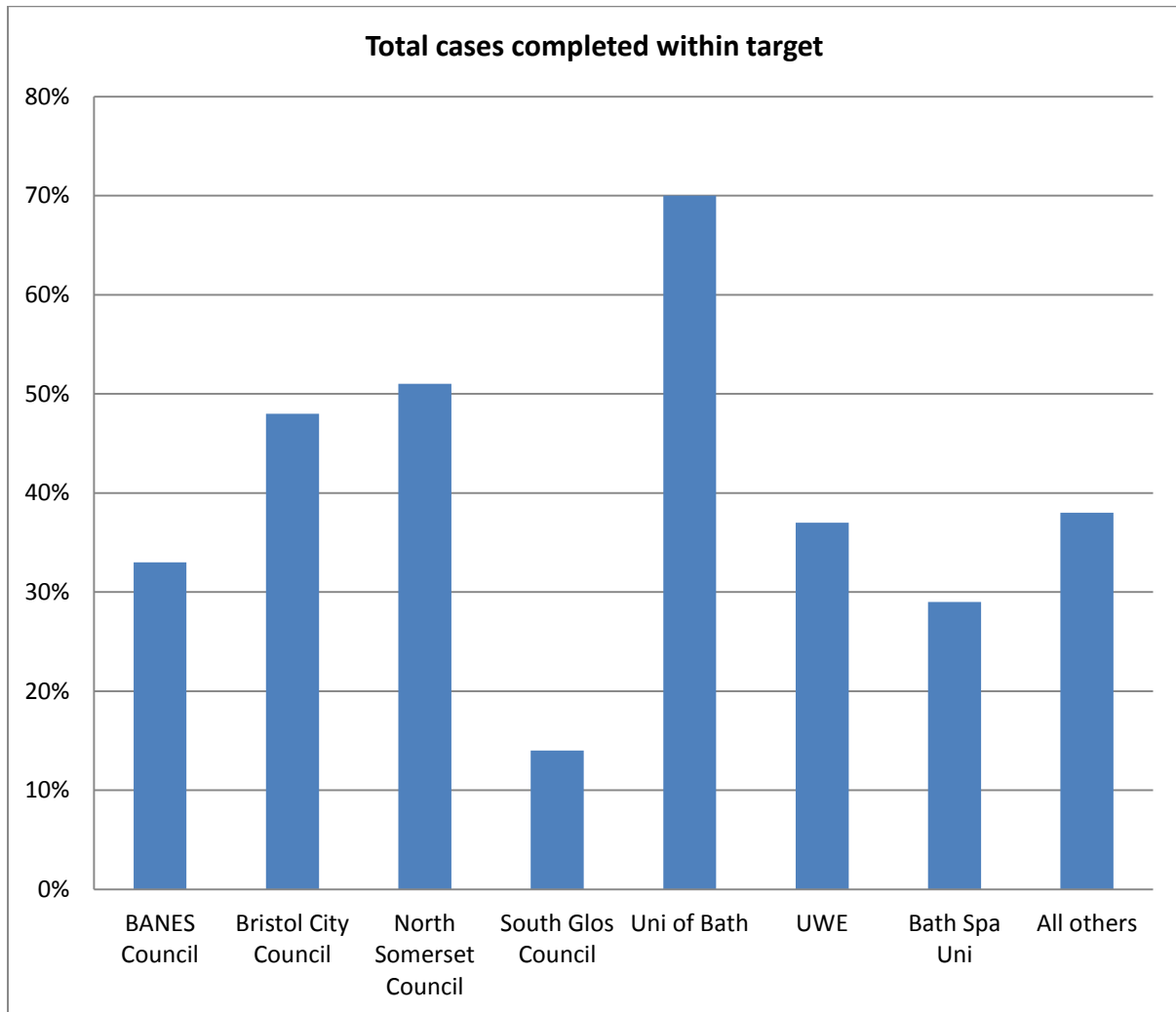
Annex 3





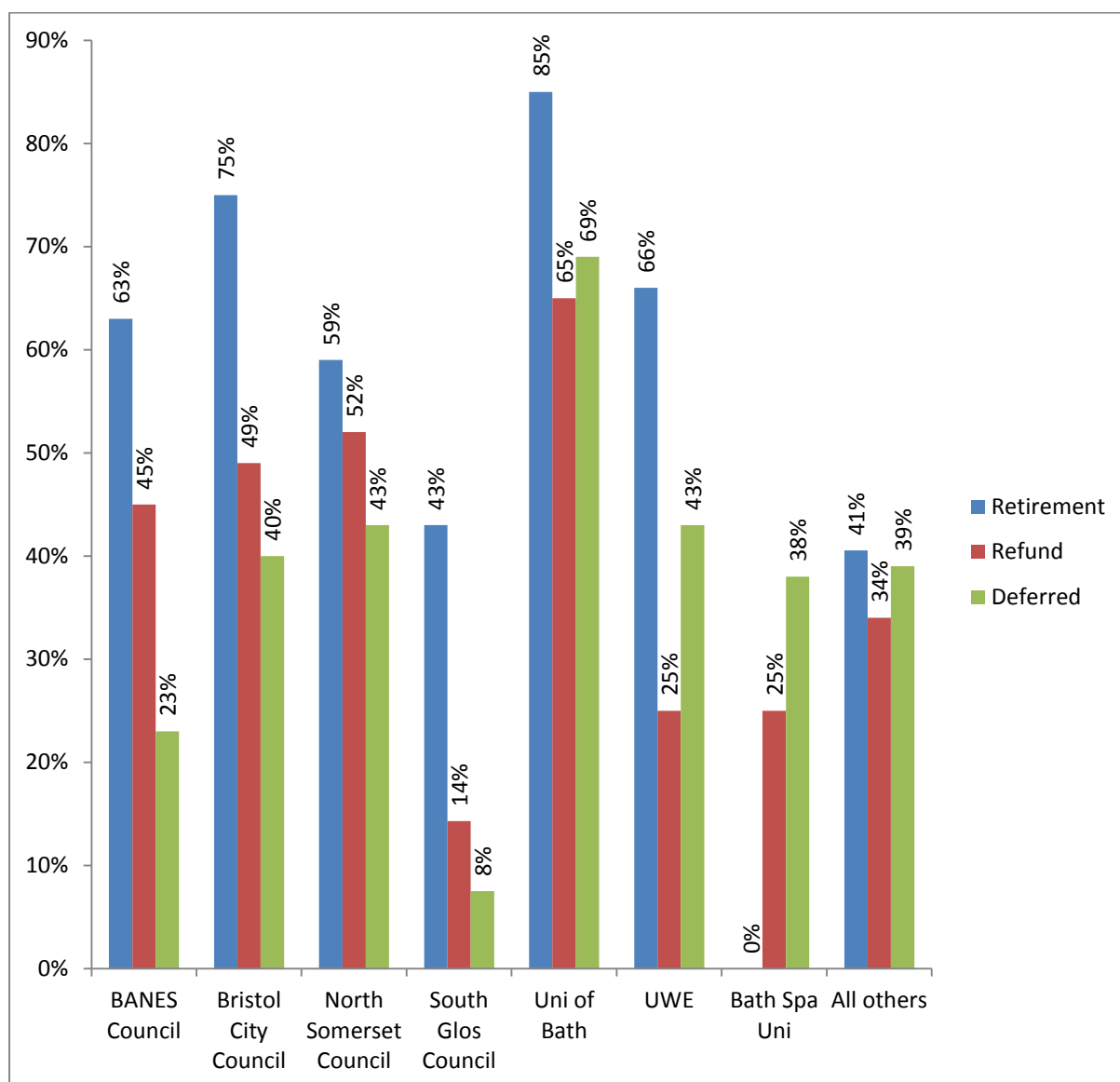
Employers completing leaver forms for retirements, refunds and deferments within SLA targets.

Annex 1 – Total cases - Percentage and number of cases completed within target.



	%	Cases
BANES Council	33%	56
Bristol City Council	48%	159
North Somerset Council	51%	93
South Glos Council	14%	42
Uni of Bath	70%	28
UWE	37%	43
Bath Spa Uni	29%	17
All others	38%	164

## Annex 2 – Breakdown by case type within target

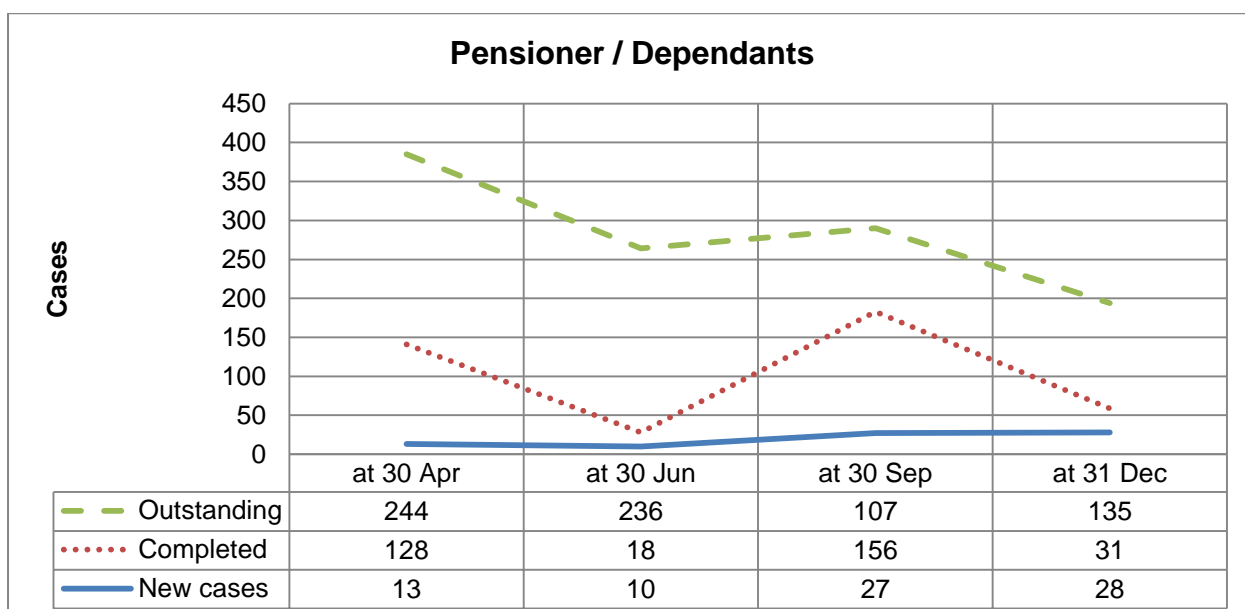
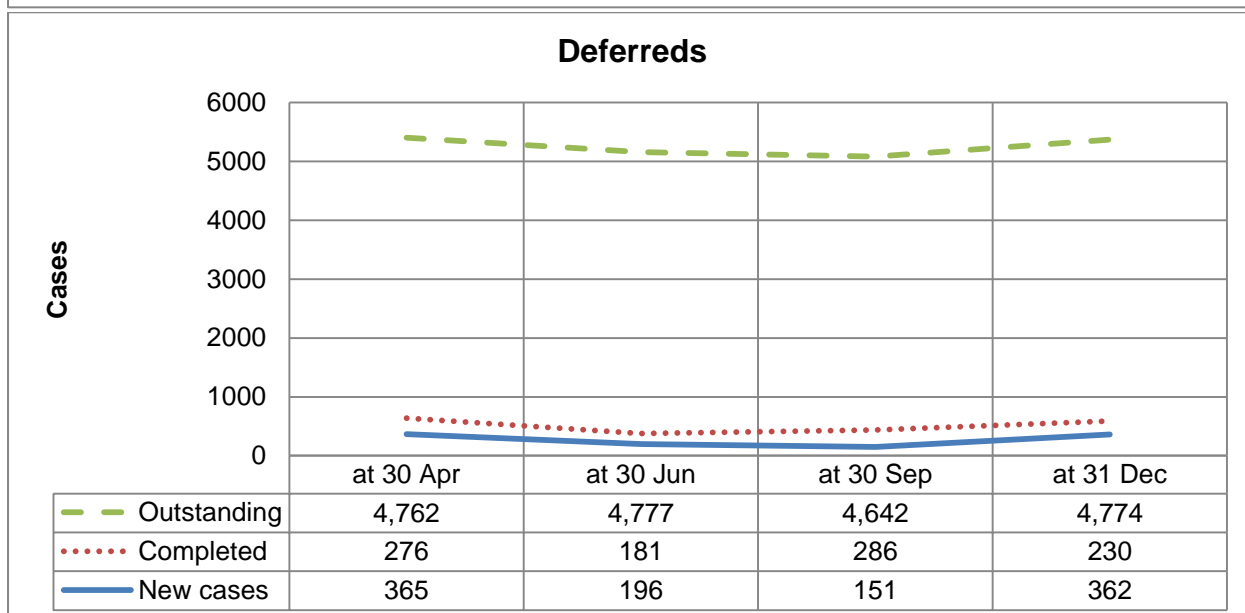
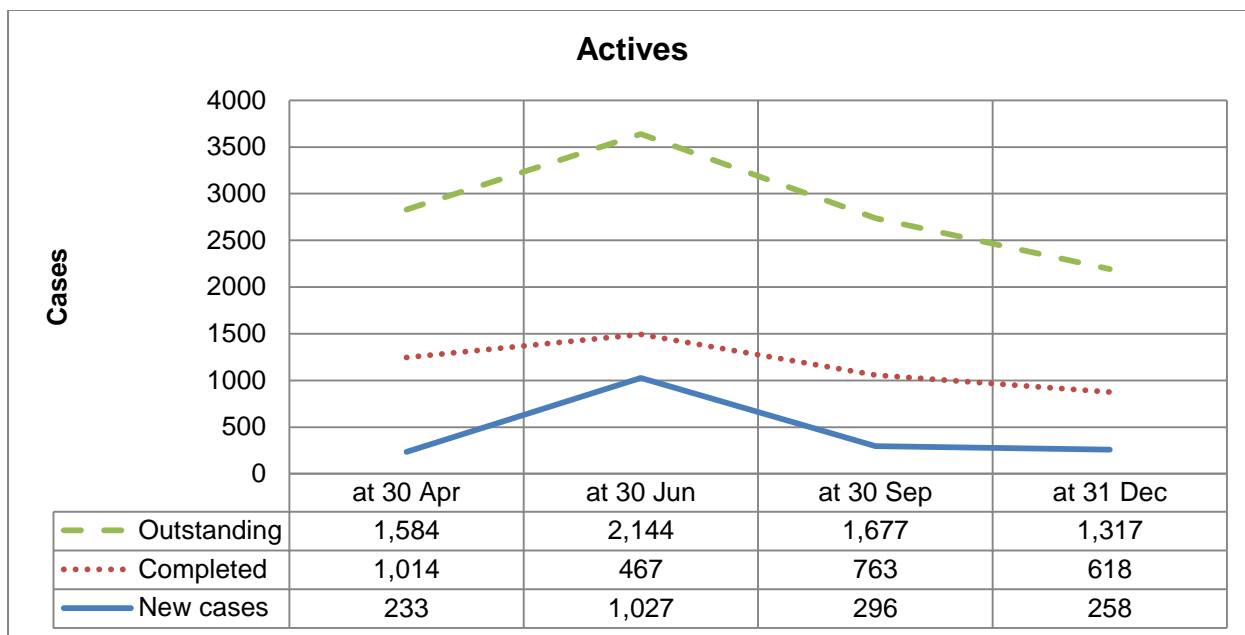


Within target	Retirement		Refund		Deferred	
	%	No. of Cases	%	No. of Cases	%	No. of Cases
BANES Council	63%	17	45%	21	23%	21
Bristol City Council	75%	40	49%	52	40%	67
North Somerset Council	59%	22	52%	26	43%	41
South Glos Council	43%	18	14%	12	8%	12
Uni of Bath	85%	6	65%	13	69%	9
UWE	66%	10	25%	14	43%	19
Bath Spa Uni	0	0	25%	9	38%	8
All others	41%	32	34%	45	39%	87

## Annex 1 – Data

Data type	Cases brought forward	New cases	Completed	Outstanding	Completeness as % of membership
<b>ACTIVES</b>					
<b>36,801</b>					
Addresses	384	59	90	353	99.041%
Forename	0	2	0	2	99.995%
Surname	0	0	0	0	100.000%
Date of birth	1	5	1	5	99.986%
NI number	53	1	1	53	99.856%
Title	13	7	19	1	99.997%
Sex mismatch	12	25	28	9	99.976%
Format of hours	20	13	29	4	99.989%
Date joined Fund missing	0	0	0	0	100.000%
Payroll ref missing	25	11	9	27	99.927%
Casual hours missing	409	1	49	361	99.019%
Leaver forms missing	690	134	375	449	98.780%
Starters missing	70	0	17	53	99.856%
<b>Total</b>	<b>1,677</b>	<b>258</b>	<b>618</b>	<b>1,317</b>	<b>99.72%</b>
<b>DEFERREDS</b>					
<b>41,104</b>					
Addresses	3,964	362	216	4,110	90.001%
Forename	1	0	0	1	99.998%
Surname	0	0	0	0	100.000%
Date of birth	2	0	0	2	99.995%
NI number	1	0	0	1	99.998%
Title	0	0	0	0	100.000%
Sex mismatch	0	0	0	0	100.000%
Format of hours	0	0	0	0	100.000%
Date joined Fund missing	0	0	0	0	100.000%
Historic refunds	674	0	14	660	98.394%
<b>Total</b>	<b>4,642</b>	<b>362</b>	<b>230</b>	<b>4,774</b>	<b>98.84%</b>
<b>PENSIONERS</b>					
<b>28,116</b>					
Addresses	95	2	19	78	99.723%
Forename	0	0	0	0	100.000%
Surname	0	0	0	0	100.000%
Date of birth	0	0	0	0	100.000%
NI number	1	0	0	1	99.996%
Title	0	0	0	0	100.000%
Sex mismatch	0	3	0	3	99.989%
<b>Total</b>	<b>96</b>	<b>5</b>	<b>19</b>	<b>82</b>	<b>99.96%</b>
<b>DEPENDANTS</b>					
<b>4,414</b>					
Addresses	1	1	0	31	99.298%
Forename	0	0	0	0	100.000%
Surname	0	0	0	0	100.000%
Date of birth	0	0	0	0	100.000%
NI number	10	22	10	22	99.502%
Title	0	0	2	0	100.000%
Sex mismatch	0	0	0	0	100.000%
<b>Total</b>	<b>11</b>	<b>23</b>	<b>12</b>	<b>53</b>	<b>99.83%</b>

## Annex 2 - Quarterly performance charts



## LATE PAYERS

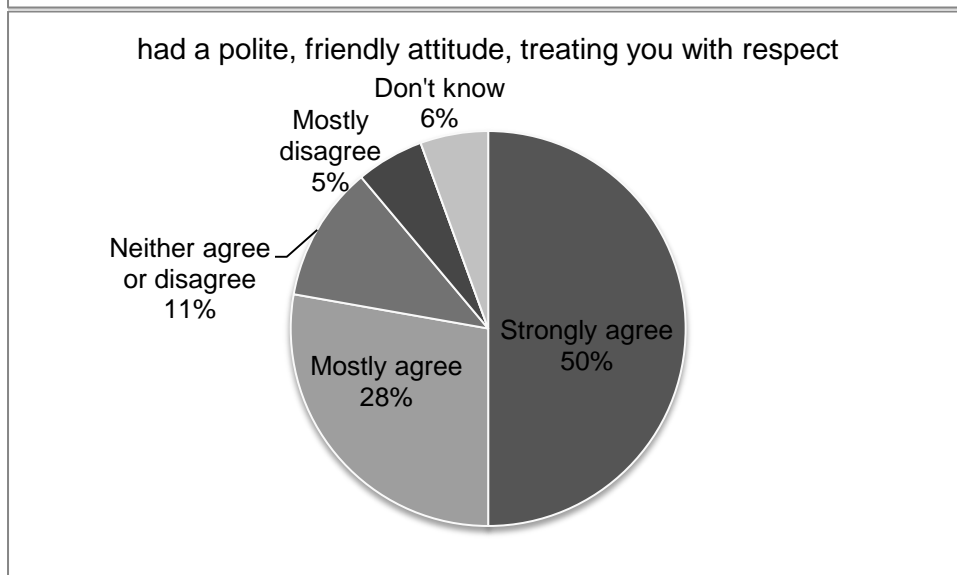
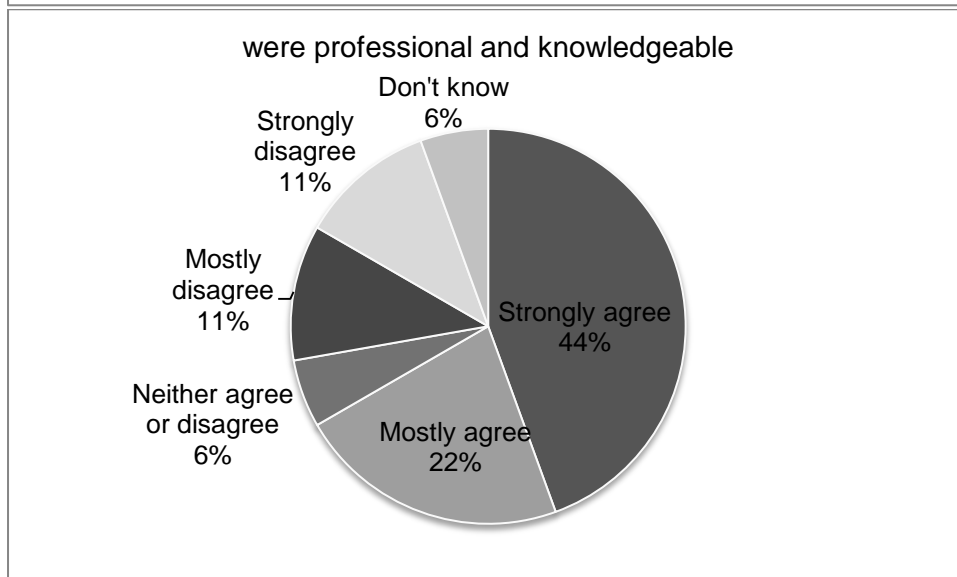
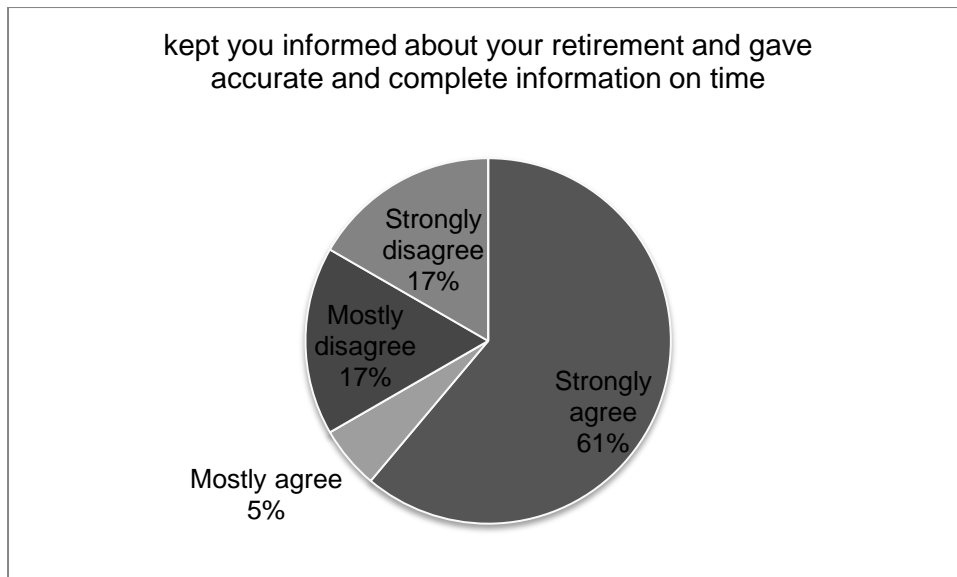
## APPENDIX 5

Employer	Payroll Month	Days late	Cumulative occasions	Amount	Significance	Reason / Action
Clifton Suspension Bridge	September	3	2	4,582.27	Value/days late not material	Employer has been reminded of obligation to pay in time and asked to take measures to avoid late payment. October contributions were paid early.
CT Plus	September	55	1	399.51	Significant days late.	Employer was unaware that some payments had failed due to problems with their payments system. November contributions were paid on time.
Fit for Sport (NSC St Peter's Primary)	October	1	1	307.48	Value/days late not material	The employer has been reminded of their obligation to pay by the required date
Fit for Sport	October	1	1	82.47	Value/days late not material	The employer has been reminded of their obligation to pay by the required date
Thornbury Town Council	October	7	1	6,019.74	Value/days late not material	Late payment was due to staff being on leave. The employer has been asked to ensure that sufficient cover is arranged in future.
CT Plus	October	15	2	370.70	Significant days late.	Employer was unaware that some payments had failed due to problems with their payments system. November contributions were paid on time.
Fit for Sport (NSC St Peter's Primary)	November	1	2	301.46	Value/days late not material	The employer has been reminded of their obligation to pay by the required date and asked to review their procedures.
Fit for Sport	November	1	2	83.65	Value/days late not material	The employer has been reminded of their obligation to pay by the required date and asked to review their procedures.
Patchway Town Council	November	1	2	3,220.62	Value/days late not material	The employer has been reminded of their obligation to pay by the required date and asked to review their procedures.
<b>Total Days</b>		<b>85</b>		<b>15,367</b>		
<b>Total Contributions in Period</b>				<b>33,202,139</b>	<b>Late Payments as % of total = 0.05%. Late Payments from 7 out of a total of 270 employers</b>	
All late payers are contacted and reminded of their obligations regarding the timing of payments. Where appropriate they are advised on alternative, more efficient methods of payment. Where material, interest will be charged on late payments at base rate plus 1% in accordance with the regulations.						

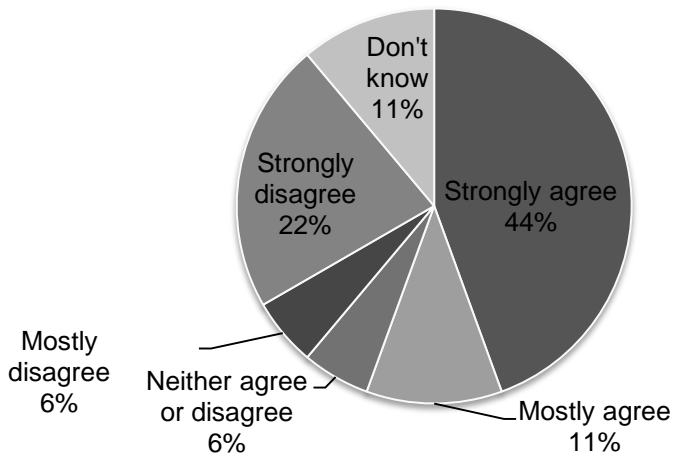
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19 responses  
 255 retirements  
 Response rate 7.4%

**Q1 To what extent do you agree or disagree that the Avon Pension Fund ...**

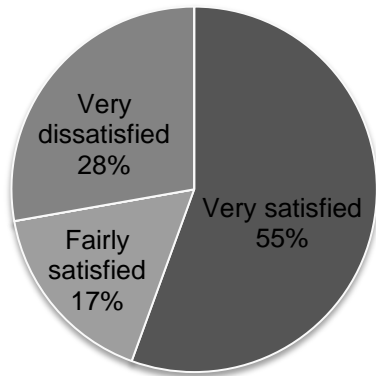


answered any questions or issues that you had



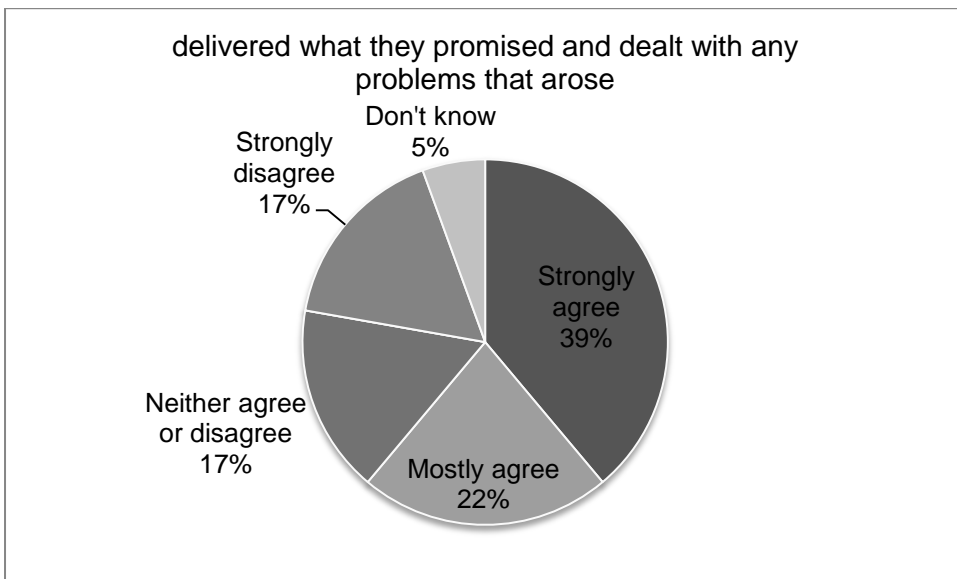
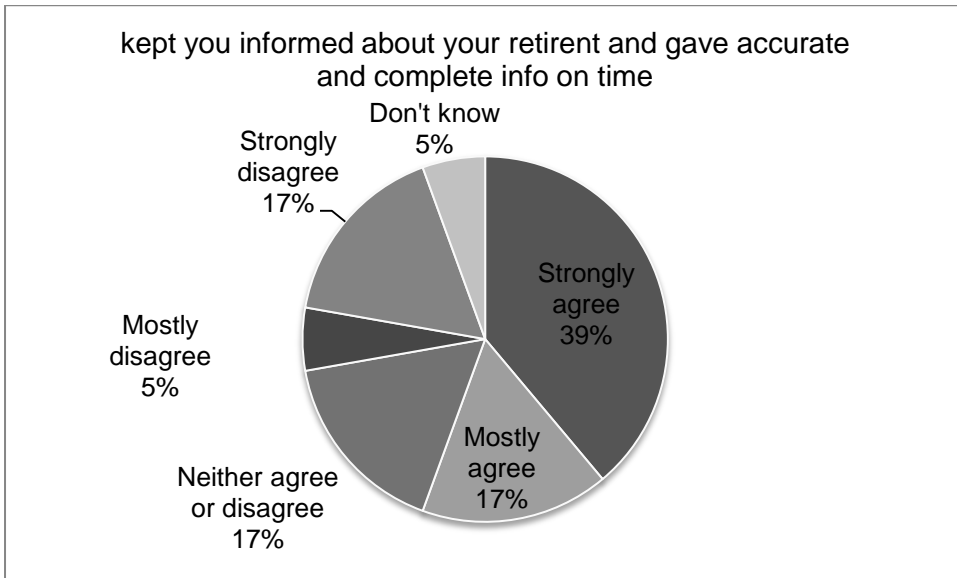
**Q2 Overall, how satisfied are you with service you received from the Avon Pension Fund?**

Overall, how satisfied are you with service you received from the Avon Pension Fund?





**Q3 To process your retirement efficiently and on time we require timely and accurate information from your former employer. To what extent do you agree or disagree that your former employer...**



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<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>LOCAL PENSION BOARD</b>	
MEETING DATE:	<b>16 February 2017</b>	<b>AGENDA ITEM NUMBER</b>
TITLE:	<b>Pension Fund Benchmarking</b>	
WARD:	<b>ALL</b>	
<b>AN OPEN PUBLIC ITEM</b>		
List of attachments to this report:  Appendix 1 - CIPFA – PENSIONS ADMINISTRATION BENCHMARKING		

## **1 THE ISSUE**

- 1.1 The purpose of this item is to report to the Pension Board the results of the CIPFA Benchmarking club survey 2016.

## **2 RECOMMENDATION**

- 2.1 That the Pension Board is asked to note the report.

### **3.0 CIPFA BENCHMARKING CLUB REPORT 2016 - Introduction**

- 3.1 Each year, the Avon Pension Fund (APF) participates in the CIPFA Benchmarking Club exercise for Pension Administration. Following completion of an in-depth questionnaire on its administration processes, it receives a report detailing performance and costs comparisons against the other members of the Benchmarking Club.
- 3.2 For 2015/16 the Benchmarking Club comprised of 37 authorities (out of a total of 89) compared with 44 participating in the 2015 exercise and 49 taking part in 2014. The survey is reflective of pension administration only. It must be assumed that all administration authorities will have different structures. The Avon Pension Fund has an overall single team structure incorporating administration (including Pensions Payroll) Accounting and Investments. Where necessary data provided has been allocated separately to accurately reflect true administration costs.

### **4.0 Administration Costs**

- 4.1 The APF cost per member remains competitive at £15.79 against the average fund (£18.37) In 2015/16 the APF member costs decreased by approximately 6.5% by comparison to the previous year £16.55 reflecting both a continued under resourcing during the reporting period in addition to a number of separate undertakings of staff secondment outside of the Fund. Staff costs remain competitive demonstrating that the Fund benefits from economies of scale as membership growth has exceed capacity growth – the benefits administration team handle c.16.5% more scheme members per staff member than the group average.
- 4.2 The APF continues to have higher costs than average in areas where resources and investment have been prioritised. In particular Communication costs £1.69 remain higher than the club average (£0.68) as the Fund continues to develop and implement its communication objectives in accordance with the service plan and published Pensions Administration Strategy promoting greater use of electronic delivery of communication material and data access.

### **5.0 Membership**

- 5.1 The membership profile demonstrates that APF is broadly in line with the benchmarking group average with active membership representing 34.1% (group average 37.2%), pensioner/dependant membership 25.8% (avge 26.9%) deferred members 37.4% (30.17%). The higher than average number of deferred members together with lower average number of unprocessed leavers/in progress 0.8% (2.7%) reflects the ongoing member data cleansing process. Additionally, the number of frozen refunds 2% reflects the current project to clear historic refund cases.
- 5.2 The Funds' portfolio has continued to grow with the increase in numbers of Academies and Admitted bodies.

## **7 EQUALITIES**

- 7.1 An equalities impact assessment is not necessary as the report is primarily for information only.

## **8 CONSULTATION**

- 8.1 This report is primarily for information and therefore consultation is not necessary.

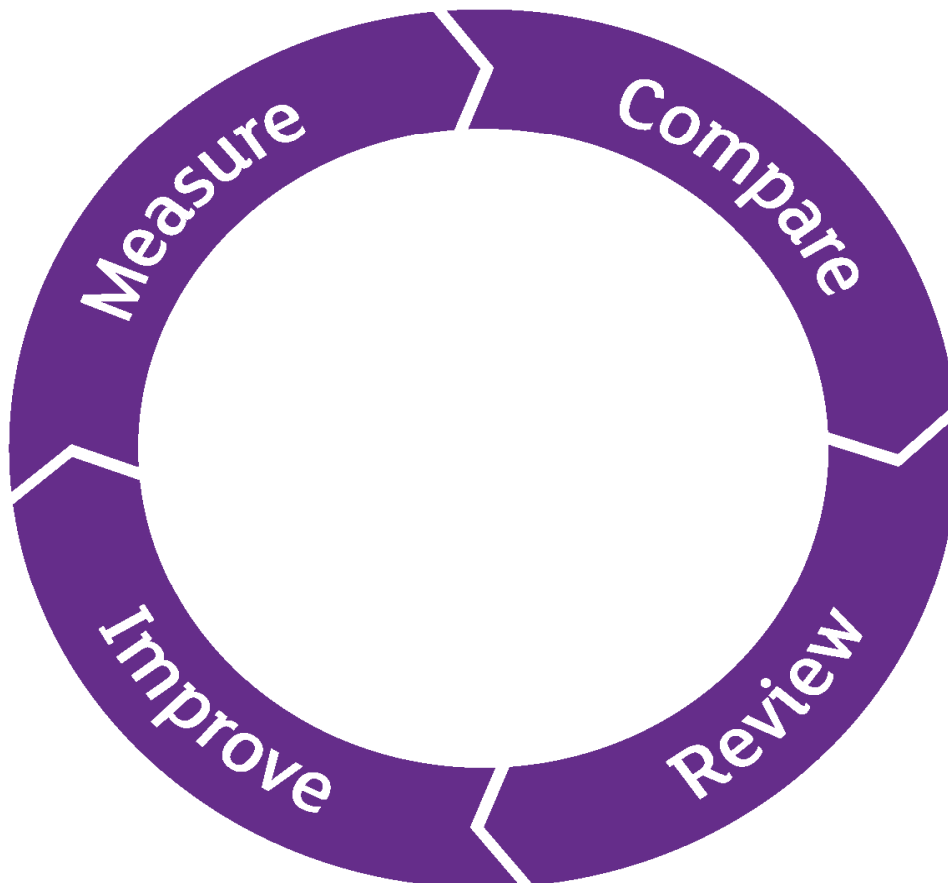
<b>Contact person</b>	Geoff Cleak – Acting Pensions Manager (Tel: 01225 395277)
<b>Background papers</b>	<i>CIPFA REPORT</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

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Information Services

# pensions administration benchmarking club

2016 - Bath Final Report



# PREFACE

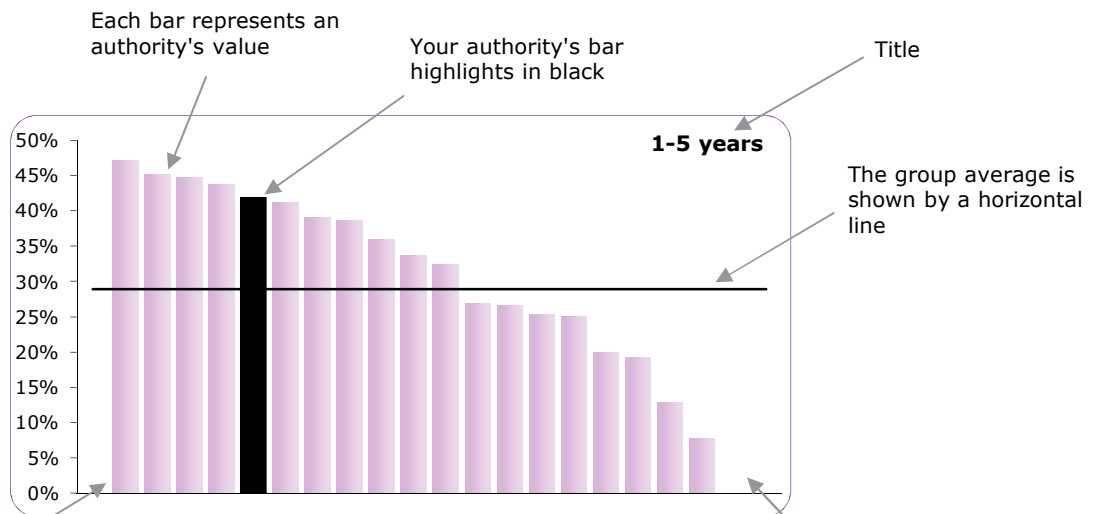
This report compares your data with the group of authorities specified on the title page.

Throughout the report your figures are shown in tables and in graphical form. If you are not familiar with our reports we hope this page will help you to better understand the way we present this data.

**Averages:** Almost all of our tables and charts compare your figure with a group average. The average is the unweighted mean value for the group. This average value ignores missing data, or data that we have excluded and for this reason sets of averages sometimes do not reconcile precisely.

**Charts:** We display a large amount of data on charts as this allows us to show the data for the entire group efficiently and gives far more information than a simple average (i.e. range of data, individual authority values etc.). Below we have annotated an example chart to help explain what they are showing.

**Bar Charts:** These are our standard method of displaying a full set of data



'Missing bars' on the left represent missing data or excluded data and are not included in calculating the average

Staff experience			
	FTE	%	Avg
< 1 year	1.5	10%	9%
1-5 years	6.5	42%	29%
5-10 years	3.5	23%	21%
> 10 yrs	4.0	26%	41%
<b>Total</b>	<b>15.5</b>		

'Missing bars' on the right represent zero values and are included in the average



# INTRODUCTION

This report compares your performance with the group of authorities specified on the title page. It is divided into the following sections.

	Page
1 Summary 2016	4
2 Cost Measures	5
3 Workload Measures	11
4 Staff Related Measures	22
5 Industry Standard Performance Indicators	26
6 Comparison by method of service delivery } <i>final reports</i>	27
7 Timeseries } <i>final reports only</i>	28

## Section 1 - Summary 2016

This page provides a brief summary of the most salient aspects of the report.

## Section 2 - Cost Measures

This section concentrates on cost/member ratios starting with total cost/member which is then broken down by staff costs, payroll costs, direct costs, overheads and income. Further analysis of direct costs and overheads is also provided in this section.

## Section 3 - Workload Measures

The first measure of workload is the number of members in the scheme, which is shown along with a breakdown by class of membership. This is followed by an analysis of the number and type of LGPS employers.

Other workload measures include:

- Joiners and leavers with a full analysis of the various types of retirements
- Number of quotations provided and actual events processed
- AVCs, ARCs and Added years
- Appeals

## Section 4 - Staff Related Measures

The measures included here are an analysis of staff numbers by pay band, sickness absence, pensions work experience, staff qualifications and staff turnover.

## Section 5 - Industry Standard Performance Indicators

In this section we show how authorities perform against each of the LGPC performance indicators.

## Section 6 - Comparison by Method of Service Delivery (final report only)

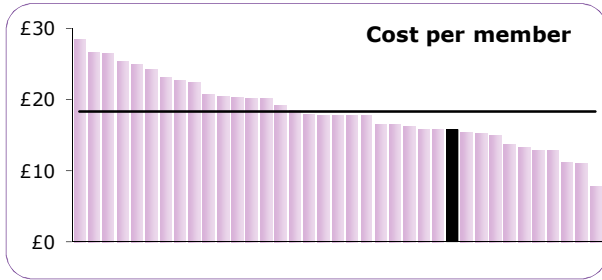
This shows members' costs and averages compared for in-house and externally managed pension schemes.

## Section 7 -Timeseries (final report only)

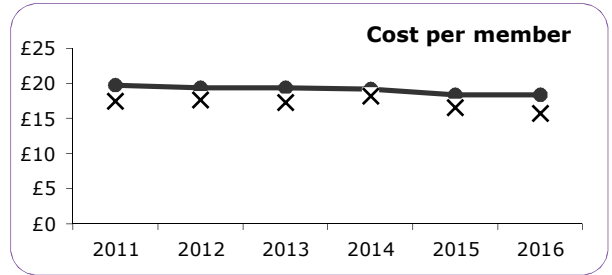
This shows the individual members' performance over time compared to the club average for cost per member, which is analysed over staff cost and other costs.

# SECTION 1 - SUMMARY 2015/16

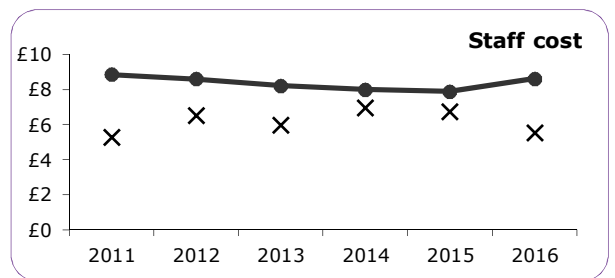
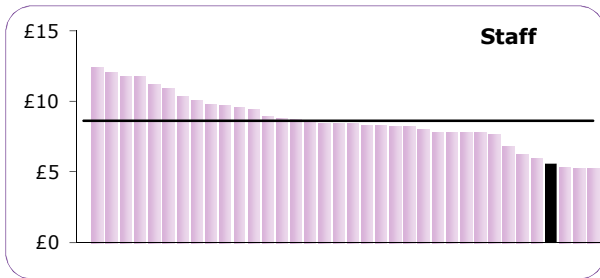
## NET COST / MEMBER 2015/16



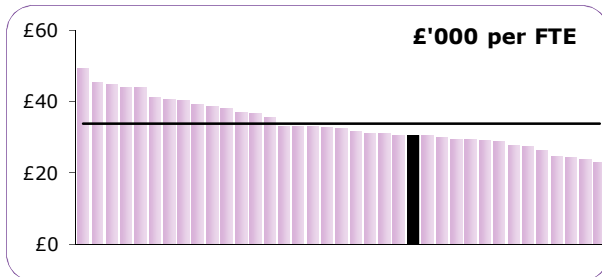
● Club average  
X Bath



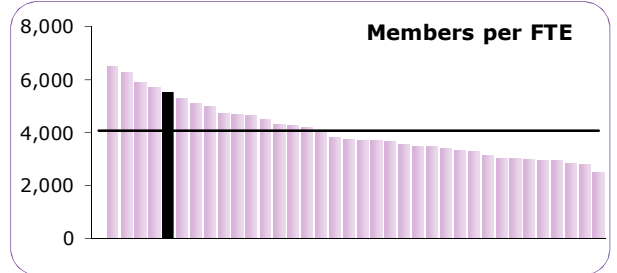
## STAFF COST / MEMBER 2015/16



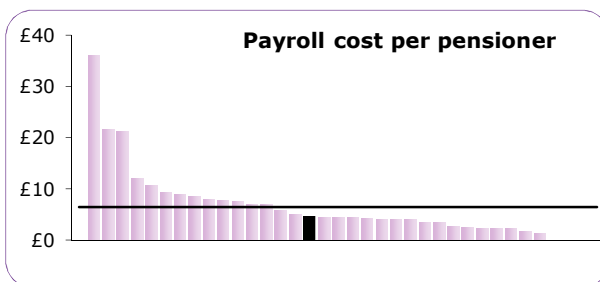
## COST £'000 / FTE



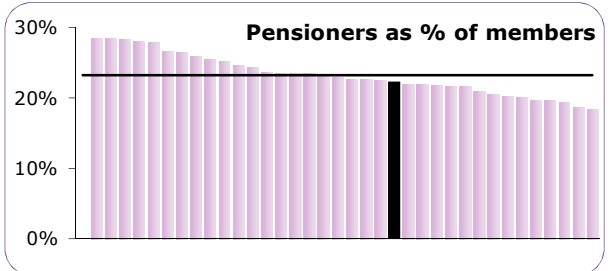
## MEMBERS LGPS / ADMIN FTE



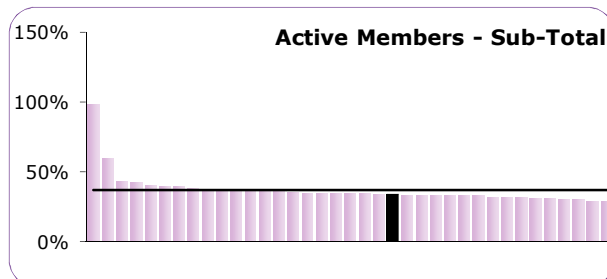
## PAYROLL COST / PENSIONER



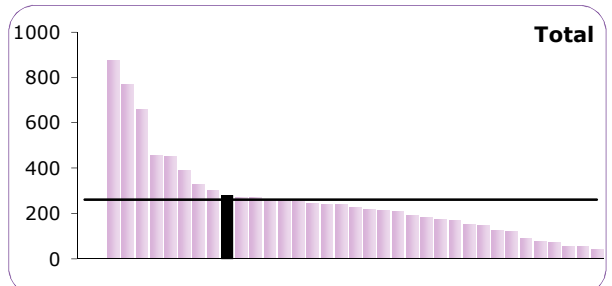
## PENSIONERS AS A % MEMBERS



## ACTIVES AS A % MEMBERS



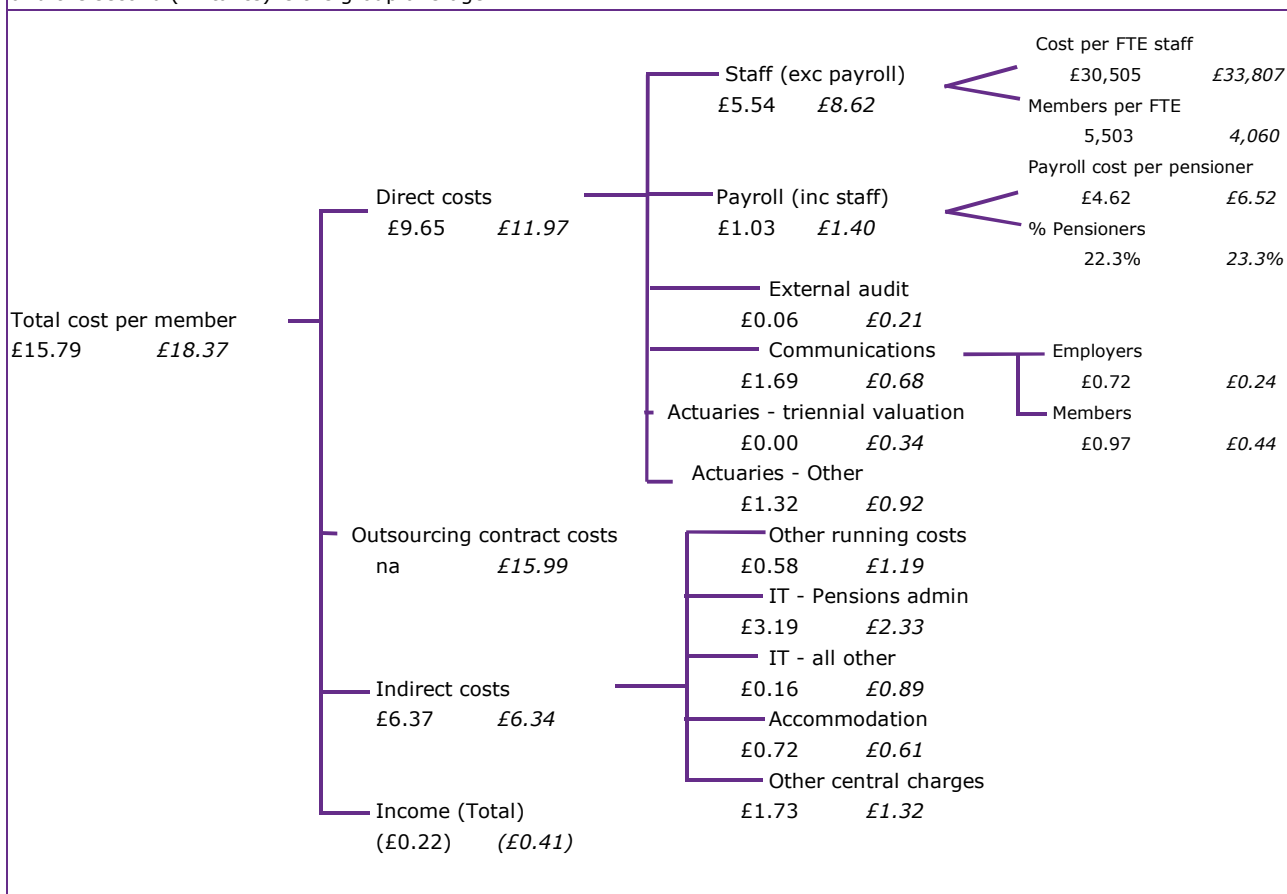
## NUMBER OF LGPS EMPLOYERS



## SECTION 2 - COST MEASURES

### COST/MEMBER TREE 2015/16

This tree diagram analyses the cost per member. For each benchmark two figures are given the first being the authority's cost and the second (in italics) is the group average.



FTE staff	
Pension Section total	40.3
<i>less</i>	
IT staff	3.0
Payroll staff	3.8
Communications staff	2.0
Employing authority work	-
Work for other schemes	1.5
Other work	10.2
<b>Admin of LGPS</b>	<b>19.8</b>

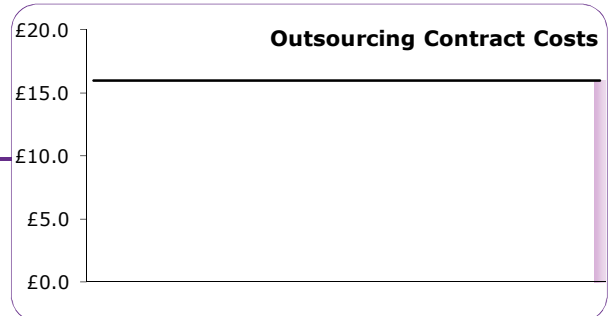
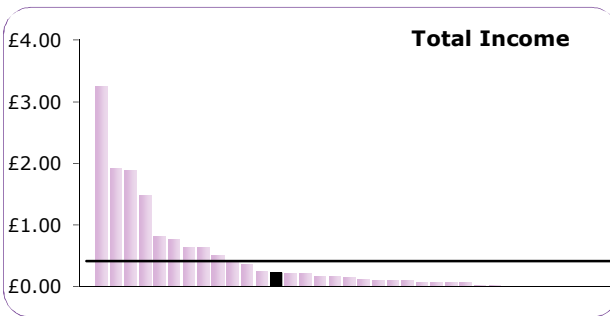
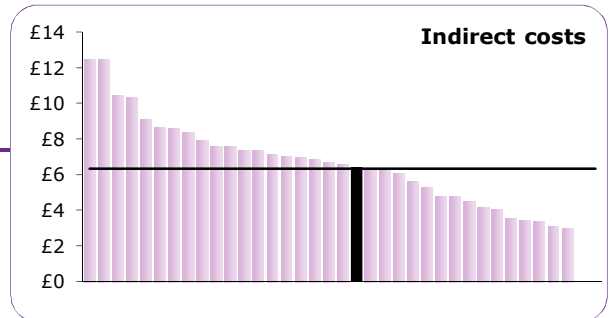
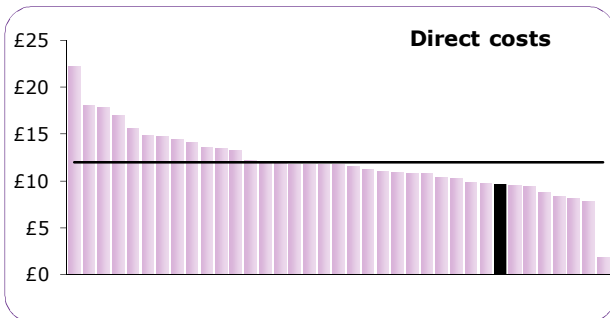
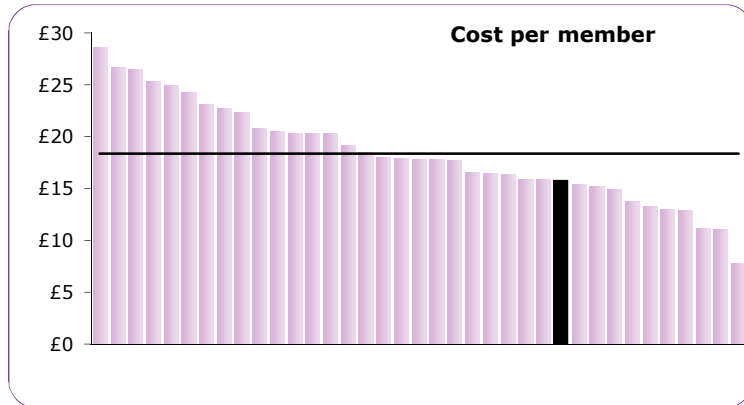
Net Costs £'000	
	£'000
Pension Section total	2,554
<i>less</i>	
Work for other schemes	-
Employing authority work	-
Other work	833
<b>Admin of LGPS</b>	<b>1,721</b>

Admin of LGPS costs	£'000	£ per member	Avg
Staff - administration	604	5.54	8.62
Staff - payroll	49	0.45	0.34
Payroll	63	0.58	1.06
Communications (Total)	184	1.69	0.68
Actuaries - triennial valuation	-	-	0.34
Actuaries - other	144	1.32	0.92
External audit	7	0.06	0.21
<b>Total Direct Costs</b>	<b>1,051</b>	<b>9.65</b>	<b>11.97</b>
<b>Outsourcing costs</b>	<b>-</b>	<b>na</b>	<b>15.99</b>
Other running costs	63	0.58	1.19
IT - Pensions admin	348	3.19	2.33
IT - All other	17	0.16	0.89
Accommodation	78	0.72	0.61
Other central charges	188	1.73	1.32
<b>Total Indirect Costs</b>	<b>694</b>	<b>6.37</b>	<b>6.34</b>
<b>Gross Cost</b>	<b>1,745</b>	<b>16.01</b>	<b>18.74</b>
Income - Members	(14)	(0.13)	(0.04)
Income - Employers	(10)	(0.09)	(0.14)
Income - Other	-	-	(0.23)
<b>Total Income</b>	<b>(24)</b>	<b>(0.22)</b>	<b>(0.41)</b>
<b>Net Cost</b>	<b>1,721</b>	<b>15.79</b>	<b>18.37</b>

**Total Scheme Membership 108,965**

\*Outsourcing Contract Costs average only includes those members who have outsourcing costs.

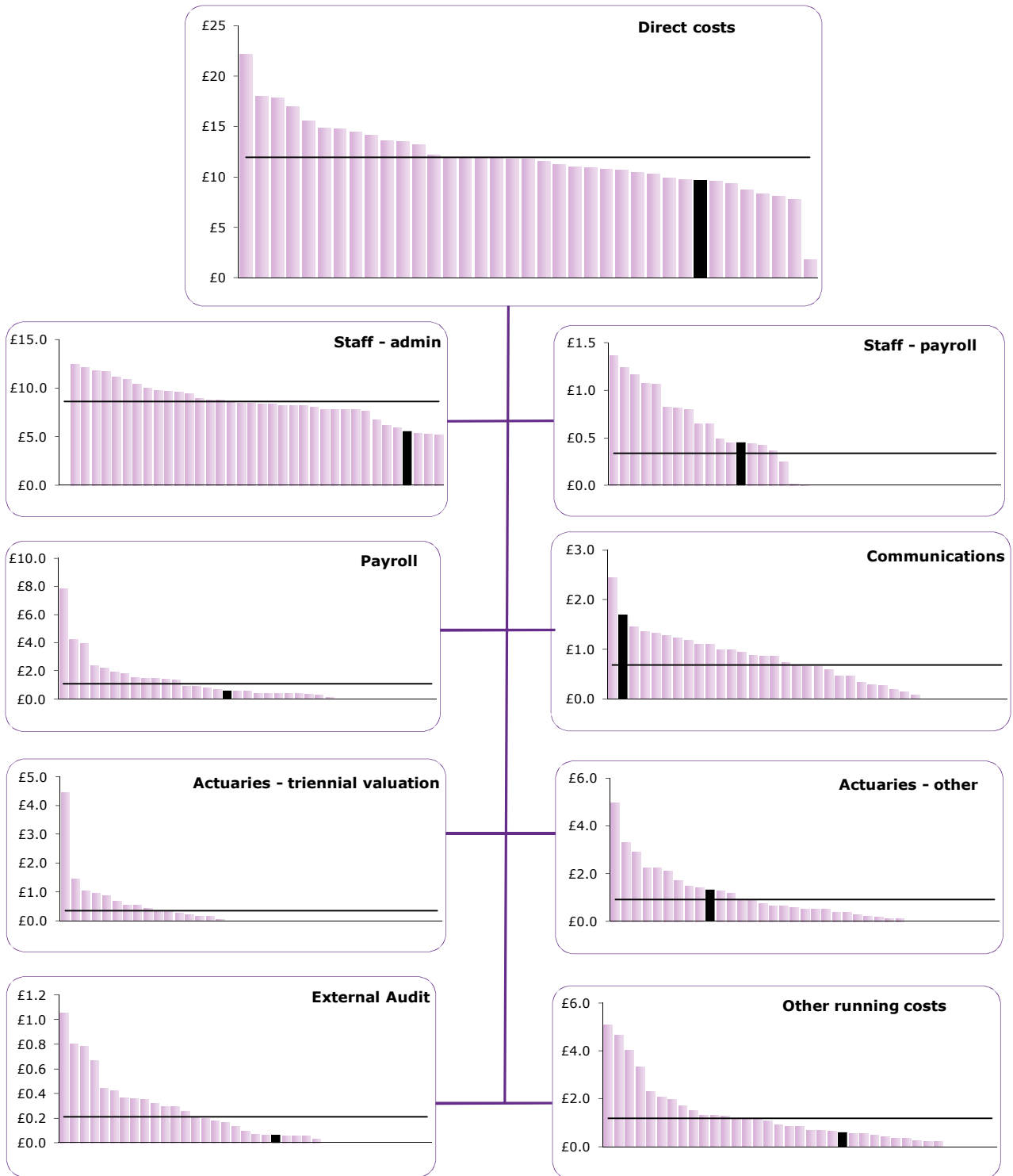
# COST PER MEMBER 2015-16



Admin of LGPS costs		£'000	£ per member	Avg
Total Direct Costs	1,051	9.65	11.97	
Outsourcing costs	-	na	15.99	
Total Indirect Costs	694	6.37	6.34	
Total Income	(24)	(0.22)	(0.41)	
<b>Net Cost</b>	<b>1,721</b>	<b>15.79</b>	<b>18.37</b>	

**Total Scheme Membership 108,965**

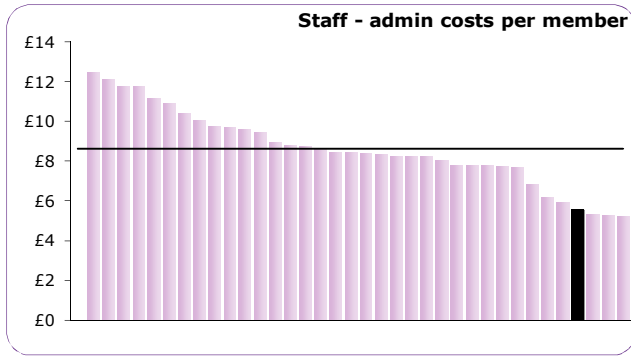
## COSTS PER MEMBER - Direct costs 2015/16



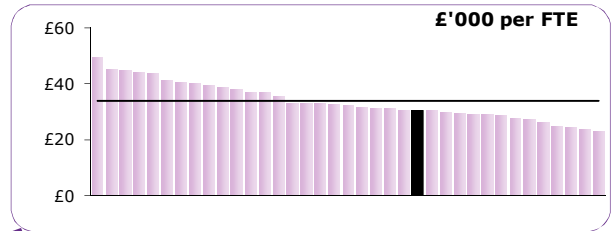
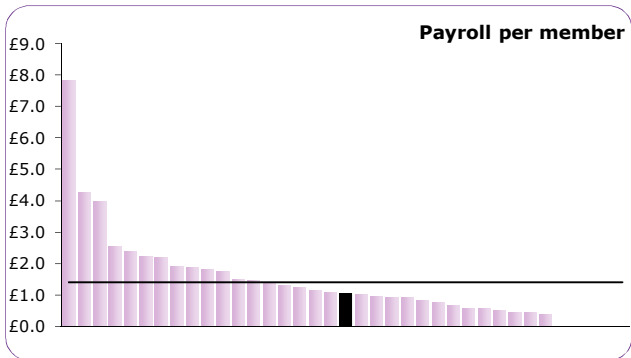
Direct costs	£'000	£ per member	Avg
Staff - admin	604	5.54	8.62
Staff - payroll	49	0.45	0.34
Payroll	63	0.58	1.06
Communications	184	1.69	0.68
Actuaries - triennial valuation	-	-	0.34
Actuaries - other	144	1.32	0.92
External audit	7	0.06	0.21
<b>Total</b>	<b>1,051</b>	<b>9.65</b>	<b>11.97</b>

# DIRECT COSTS PER MEMBER - Staff and Payroll costs 2015/16

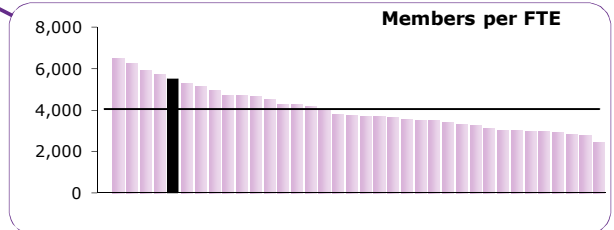
	£'000	£ per member	Avg
Staff - admin	604	5.54	8.62



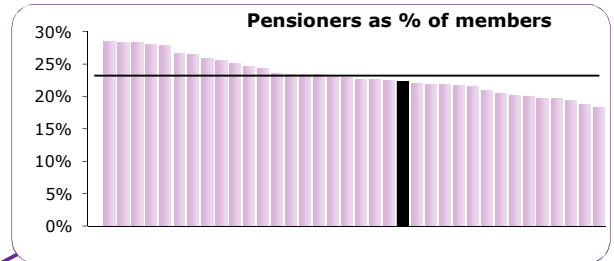
	£'000	£ per member	Avg
Payroll (combined)	112	1.03	1.40



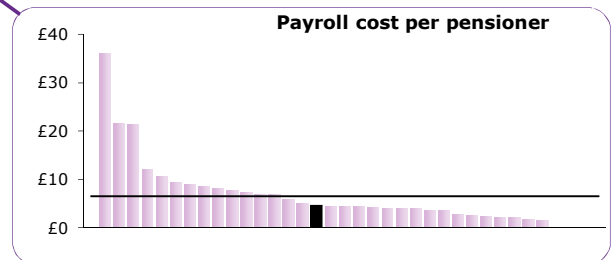
Bath 30.5 Avg 33.8



Bath 5,503 Avg 4,060

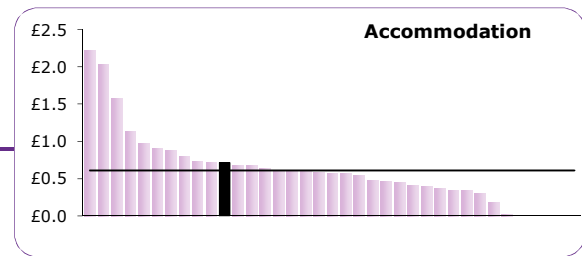
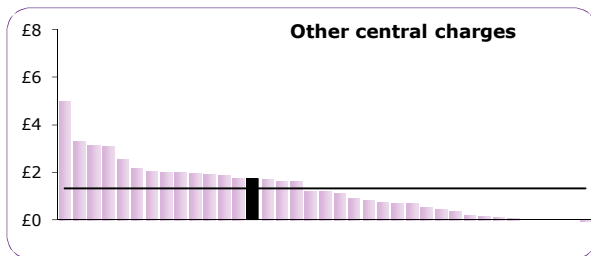
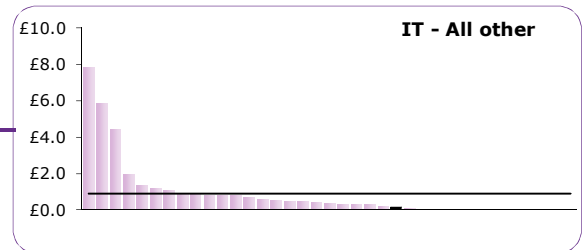
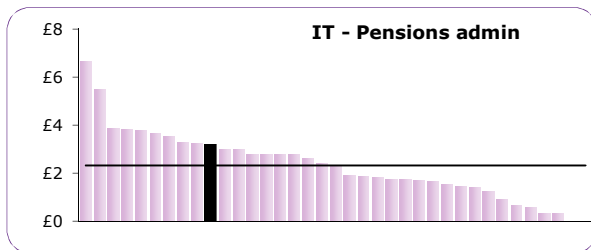
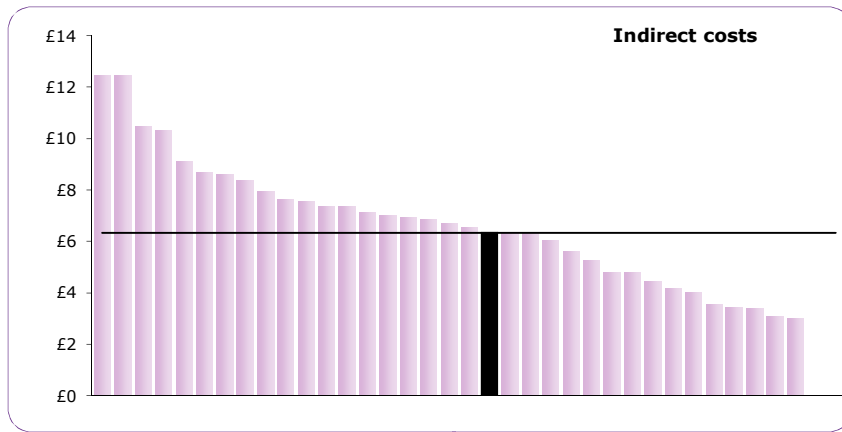


Bath 22% Avg 23%



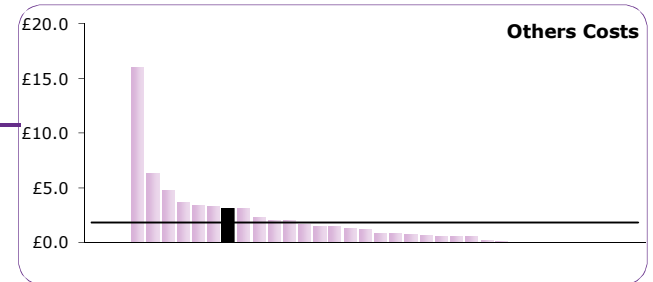
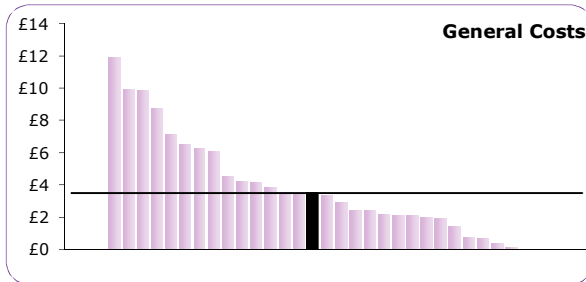
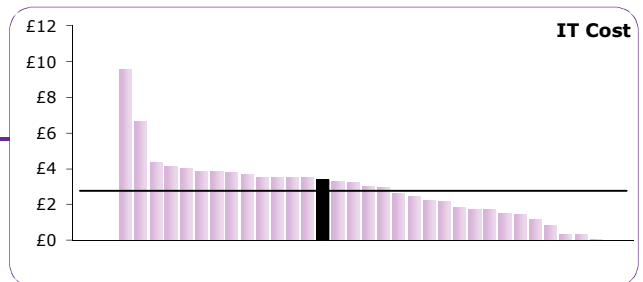
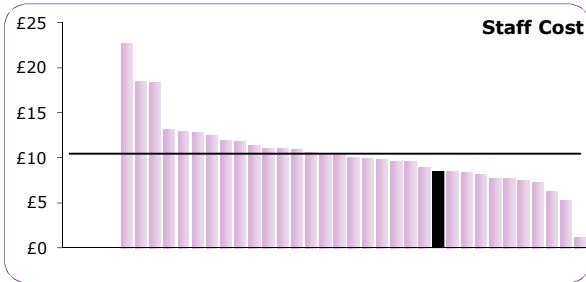
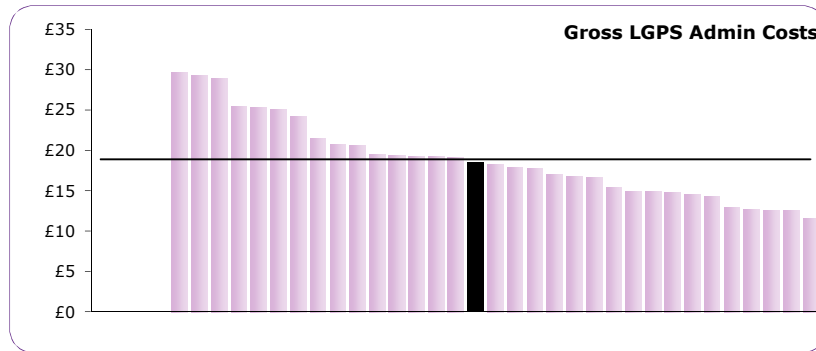
Bath 4.6 Avg 6.5

## COSTS PER MEMBER - Indirect costs 2015/16



Indirect costs	£'000	£ per member	Avg
Other running costs	63	0.58	1.19
IT - Pensions admin	348	3.19	2.33
IT - All other	17	0.16	0.89
Accommodation	78	0.72	0.61
Other central charges	188	1.73	1.32
<b>Total</b>	<b>694</b>	<b>6.37</b>	<b>6.34</b>

**COSTS PER MEMBER - LGPS Administration Expenses Analysis 2015/16**

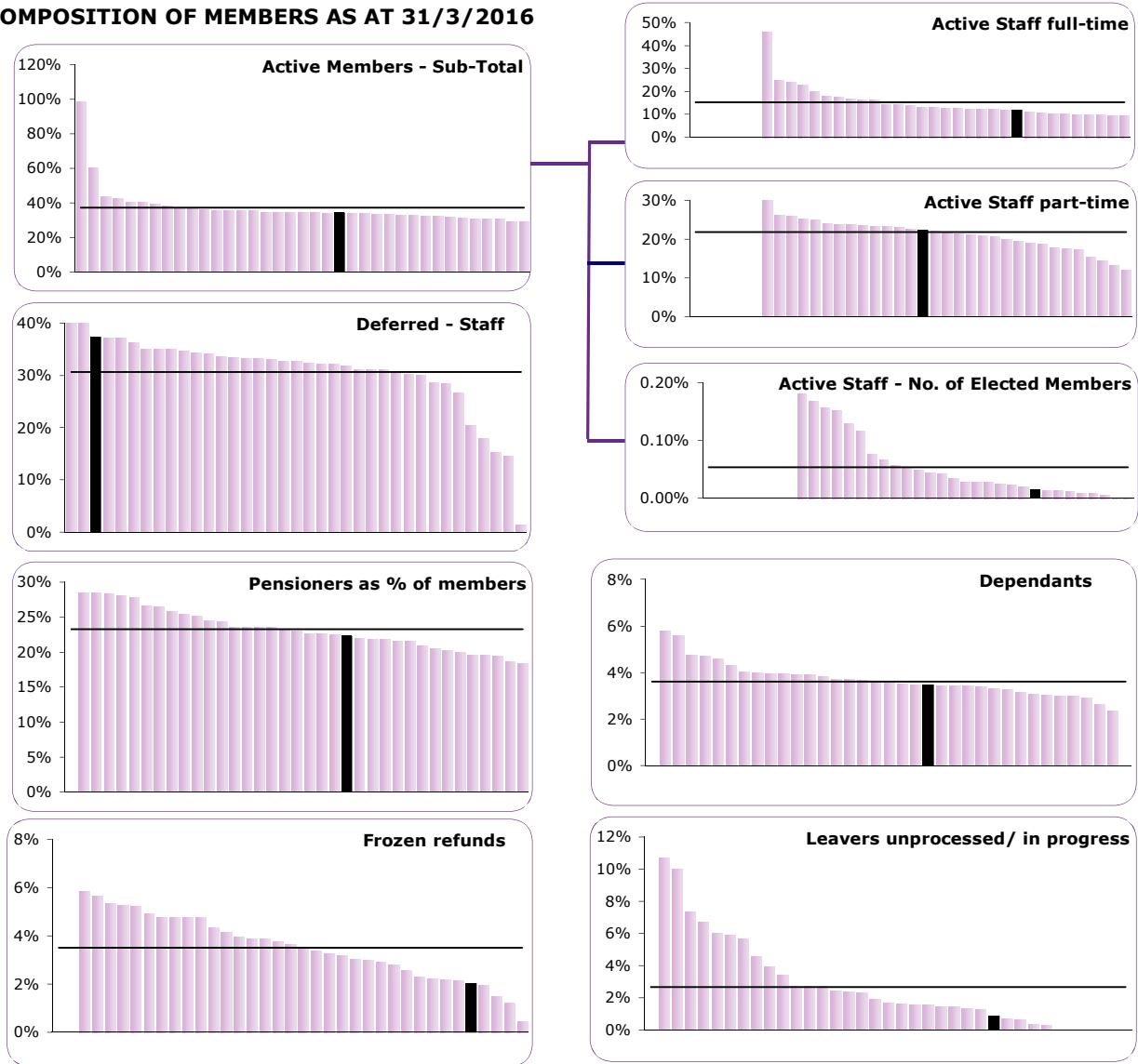


LGPS Administration Expenses		£ per member	
	£'000		Avg
Staff Costs	926	8.50	10.47
IT Costs	368	3.38	2.78
General Costs	380	3.49	3.50
Other Costs	341	3.13	1.85
<b>Gross LGPS Admin Exp.</b>	<b>2,015</b>	<b>18.49</b>	<b>18.85</b>
<b>Gross LGPS Income</b>	<b>477</b>	<b>4.38</b>	<b>0.67</b>
<b>Net LGPS Admin Exp.</b>	<b>1,538</b>	<b>14.11</b>	<b>248.03</b>



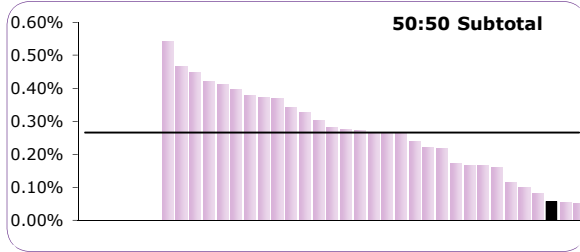
## SECTION 3 - WORKLOAD MEASURES

### COMPOSITION OF MEMBERS AS AT 31/3/2016



Composition of members				
	No.	%	Avg	Avg %
<b>Active:</b>				
- full-time	12,881	11.8%	17,825	15.1%
- part-time	24,225	22.2%	18,476	21.9%
- no. of elected Members	16	0.0%	38	0.05%
<b>- sub-total</b>	<b>37,122</b>	<b>34.1%</b>	<b>35,339</b>	<b>37.2%</b>
<b>Deferred:</b>				
- Staff	40,629	37.3%	30,930	30.7%
- Elected Members	82	0.1%	32	0.0%
Pensioners	24,251	22.3%	23,651	23.3%
Dependants	3,764	3.5%	3,946	3.6%
Frozen refunds	2,197	2.0%	3,250	3.5%
Leavers unprocessed/ in progress	920	0.8%	2,500	2.7%
<b>Total</b>	<b>108,965</b>		<b>99,647</b>	

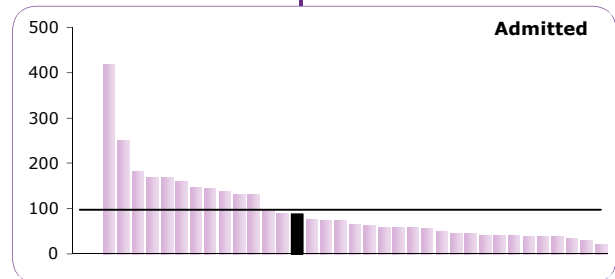
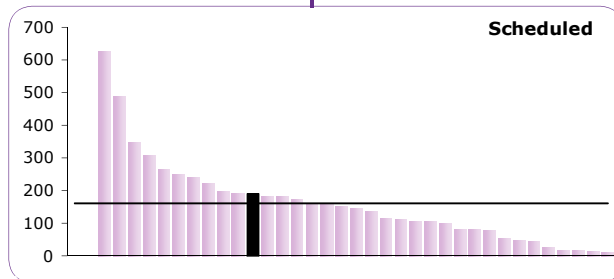
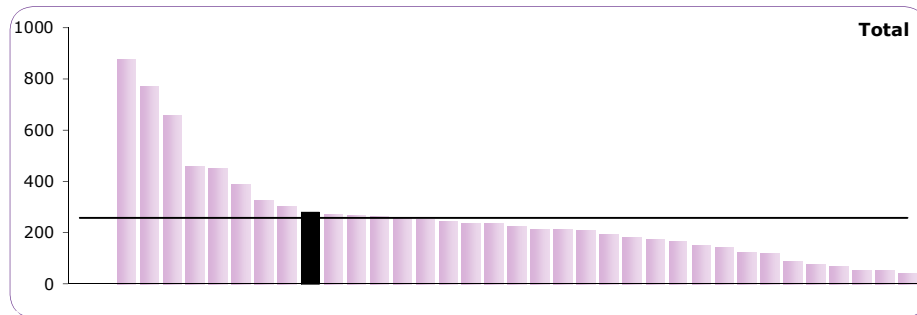
## COMPOSITION OF MEMBERS AS AT 31/03/2016



### Composition of active members

	No.	%	Avg
50:50	21	0.1%	0.3%

## NUMBER OF LGPS EMPLOYERS AS AT 31/03/2016



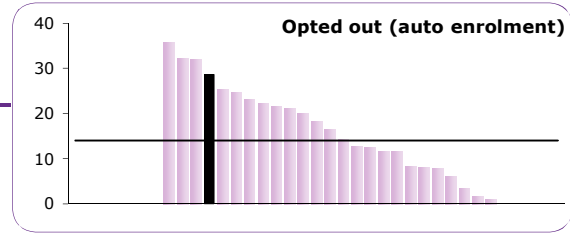
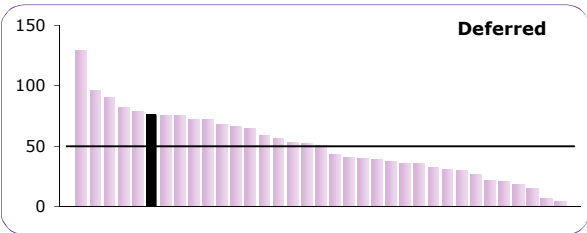
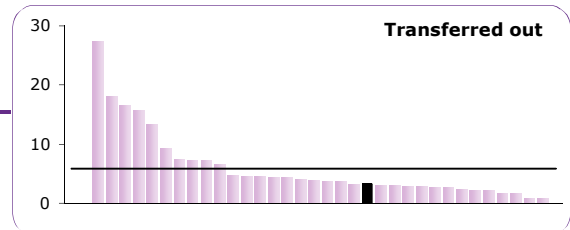
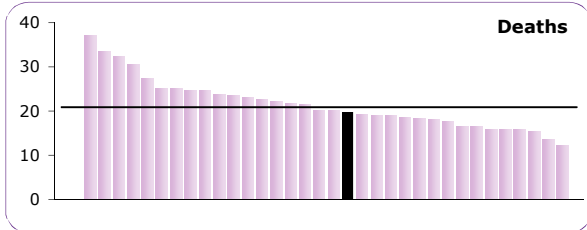
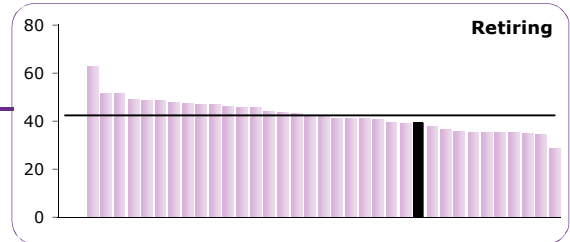
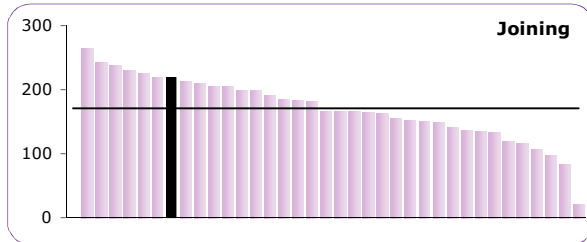
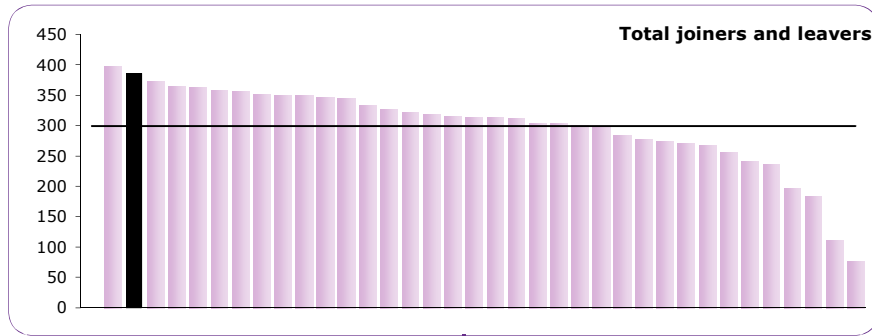
### LGPS employers (31/3/16)

	No.	Avg	of which:	No.	%	Avg
Scheduled	192	162	Local Authorities	4	2%	10%
Admitted	89	97	Transferee	45	51%	43%
<b>Total</b>	<b>281</b>	<b>259</b>				

### Employer changes 2015/16

	+/- Changes		Admitted		Leaving	
	No.	Avg	No.	Avg	No.	Avg
Scheduled	-	2	21	12	-	1
Admitted	-	1	4	8	-	29

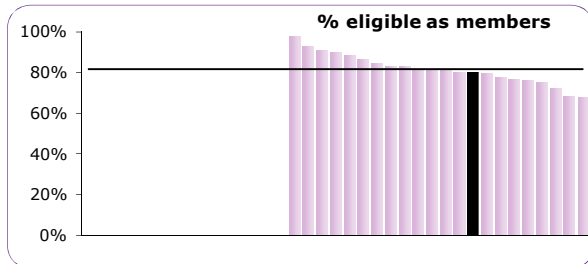
## JOINERS & LEAVERS (per '000 active members)



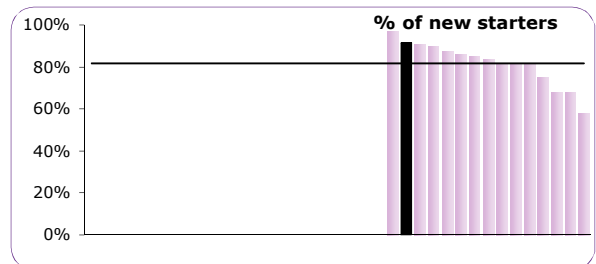
Joiners & leavers (per '000 active members)			
	No.	'000	Avg
Joining	8,124	219	171
Retiring	1,448	39	42
Deaths	731	20	21
Transferred out	120	3	6
Deferred	2,810	76	50
Opted out	1,065	29	14
<b>Total</b>	<b>14,298</b>	<b>385</b>	<b>299</b>

Active members
37,122

## LGPS members as % eligible employees

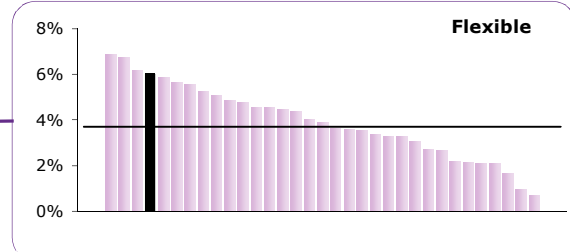
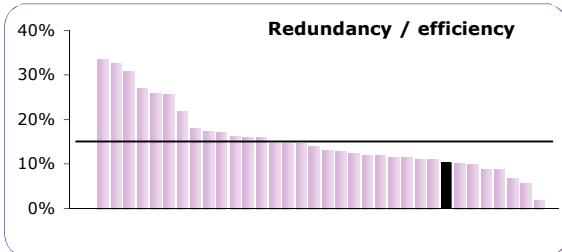
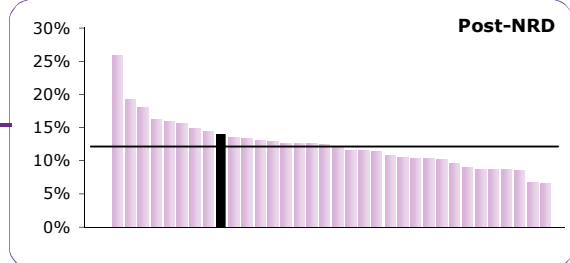
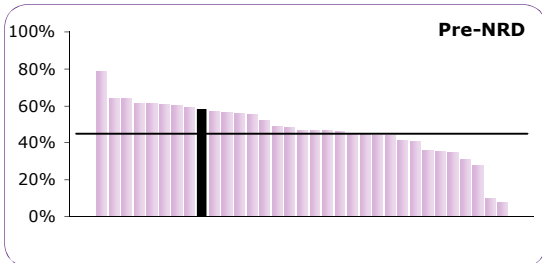
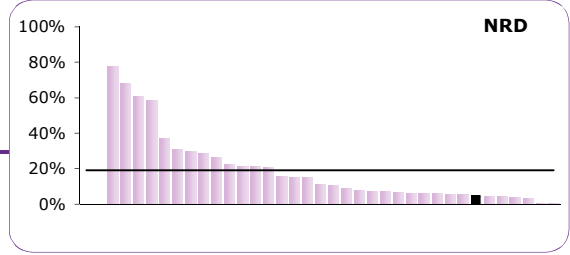
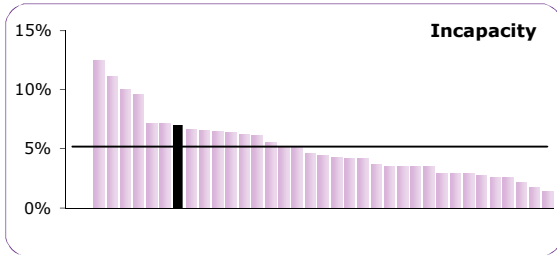
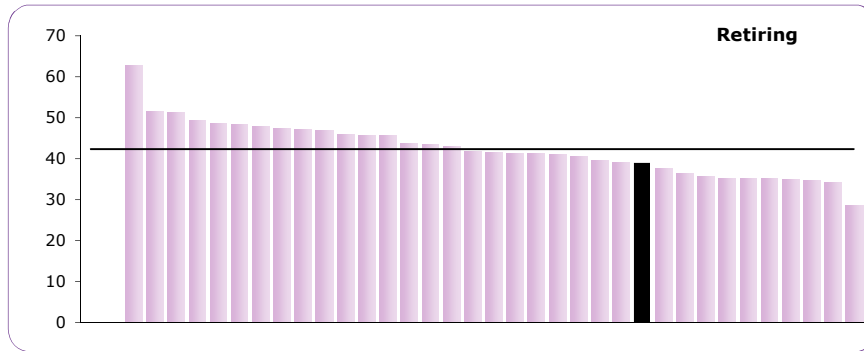


Bath 80% Avg 82%



Bath 92% Avg 82%

**RETIRING (per '000 active members)**

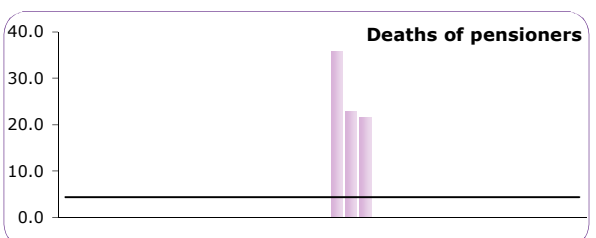
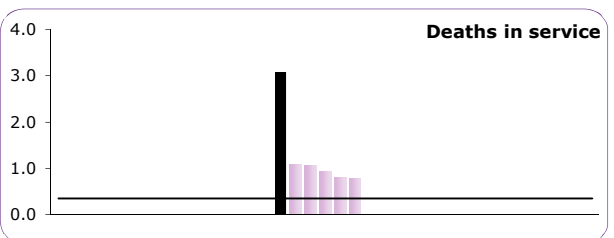
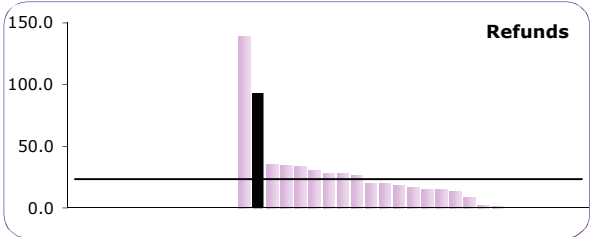
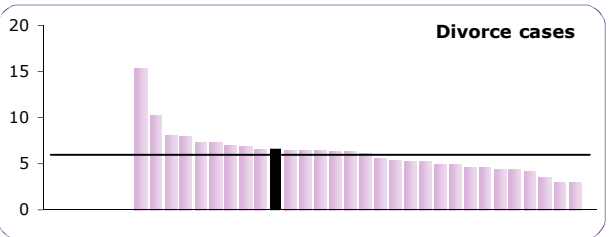
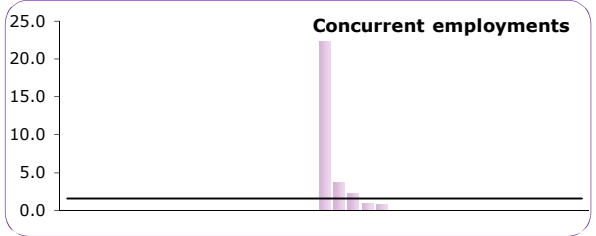
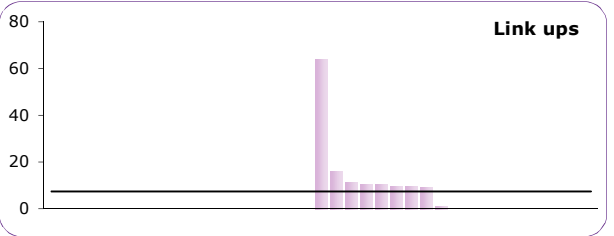
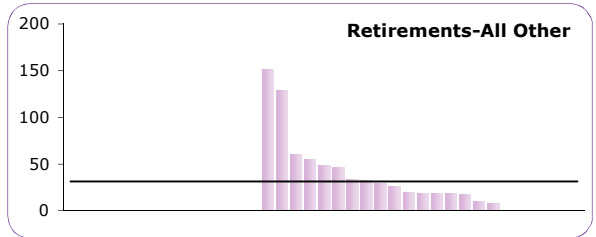
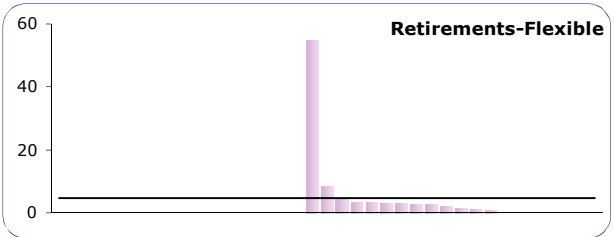
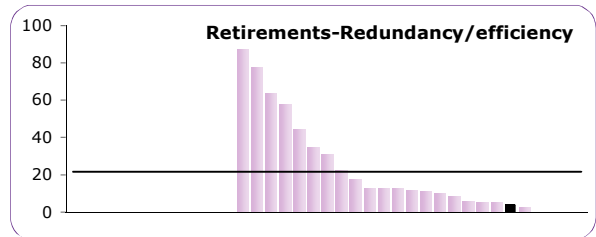
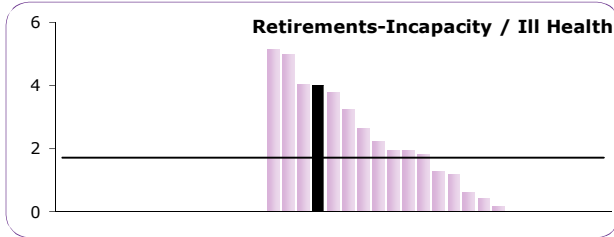
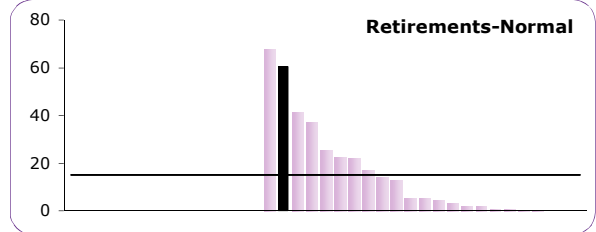
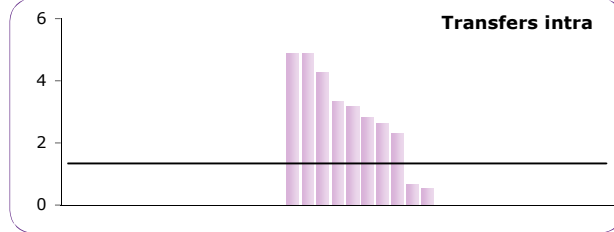
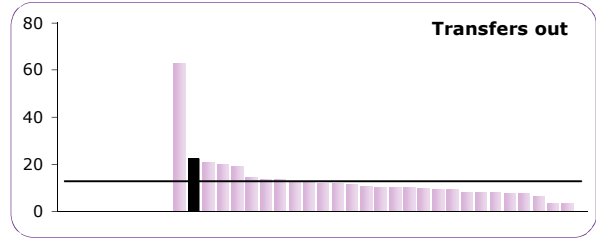
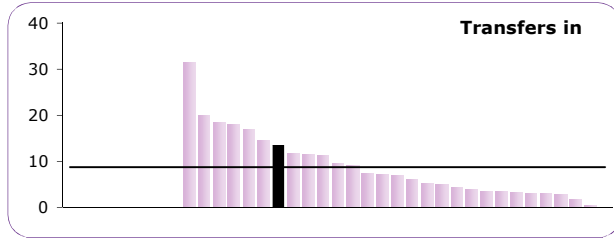


Retirements	No.	%	Avg
Incapacity	101	7%	5%
NRD	68	5%	19%
Pre-NRD	841	58%	45.0%
Post-NRD	202	14%	12%
Redundancy / efficiency	149	10%	15%
Flexible	87	6.0%	3.7%
<b>Total</b>	<b>1,448</b>		

Retiring (per '000 active members)			
	No.	'000	Avg
Retiring	1,448	39	42

Active members	
	37,122

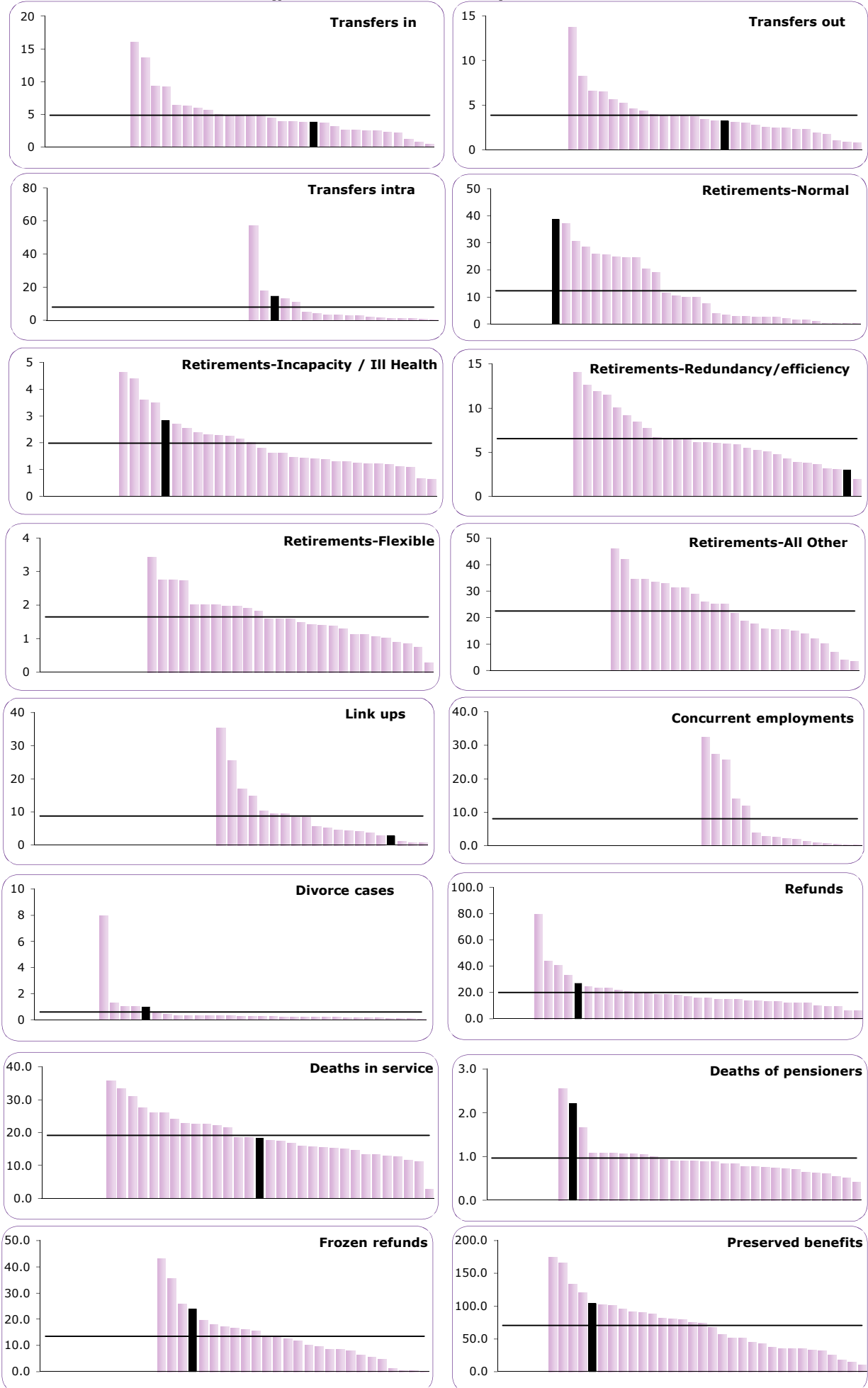
**NUMBER OF QUOTATIONS PROVIDED (per '000 active members)**



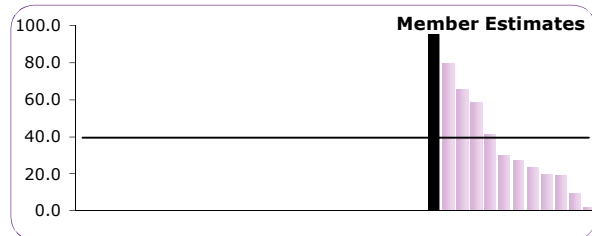
No of bulk transfers	No.	'000	Avg
TUPE -in	na	na	0
TUPE -out	na	na	0
Academies	na	na	0

Active members:		37,122		
Quotations provided	No.	'000	Avg	
TUPE -in	na	na	0.0	
TUPE -out	na	na	0.0	
Academies	na	na	0.0	
Retirements:				
- Normal	2,244	60	15.0	
- Incapacity/ill-health	149	4	1.7	
- Redundancy/efficiency	142	4	21.6	
- Flexible	na	na	4.5	
- All other	na	na	31.3	
Transfers in	498	13	8.8	
Transfers out	829	22	12.8	
Transfers intra	na	na	1.3	
Link ups	na	na	7.5	
Concurrent employments	na	na	1.6	
Refunds	3,451	93	23.3	
Divorce cases	243	7	5.9	
Deaths in service	114	3	0.4	
Deaths of pensioners	na	na	4.5	

**NUMBER OF ACTUAL EVENTS (per '000 active members)**

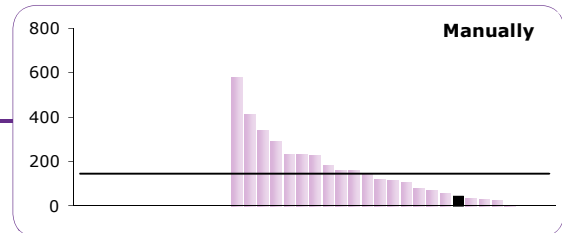
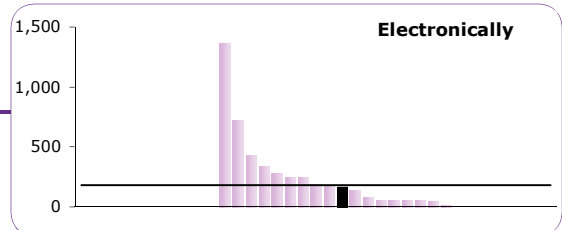
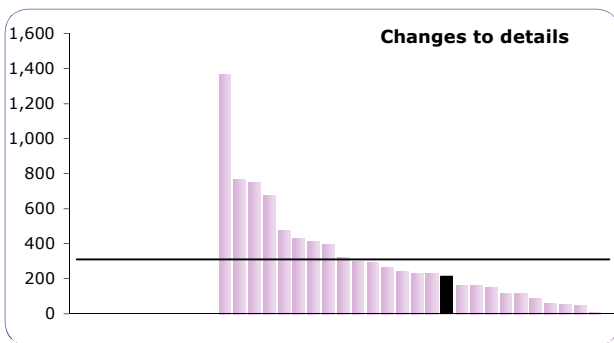
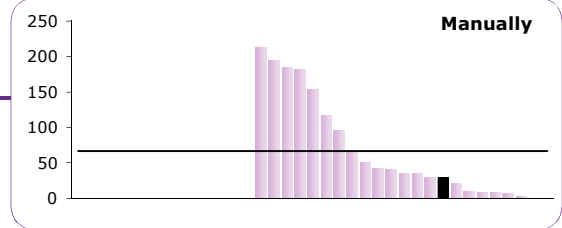
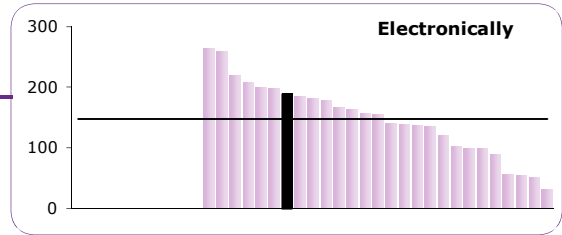
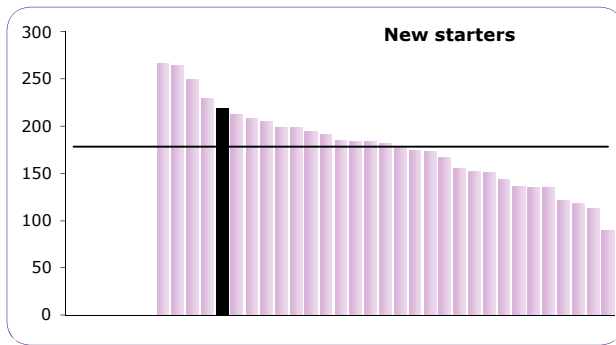


<b>Active members:</b>		<b>37,122</b>		
<b>Actual events</b>	<b>No.</b>	<b>'000</b>	<b>Avg</b>	
TUPE -in	na	na	0	
TUPE -out	na	na	0	
Academies	na	na	10	
<b>Retirements:</b>				
- Normal	1,432	39	12	
- Incapacity/ill-health	105	3	2	
- Redundancy/efficiency	111	3	7	
- Flexible	..	na	2	
- All other	..	na	23	
Transfers in	140	4	5	
Transfers out	120	3	4	
Transfers intra	536	14	8	
Link ups	101	3	9	
Concurrent employments	na	na	8	
Refunds	1,004	27	20	
Frozen refunds	889	23.9	13	
Preserved benefits	3,866	104	71	
Divorce cases	37	1	1	
Deaths in service	678	18.3	19	
Death of pensioners	82	2	1	
Single Status / Job Evaluation	na	na	na	
<b>Members Estimates</b>	<b>3,534</b>	<b>95</b>	<b>39</b>	





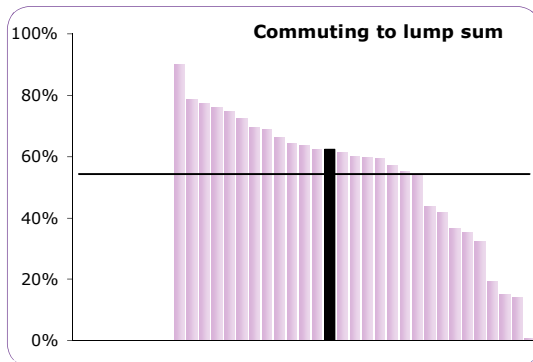
**ACTUAL CALCULATIONS (per '000 active members)**



**RETIREMENTS**

Active members	
	37,122

**Retirements commuting to lump sum**

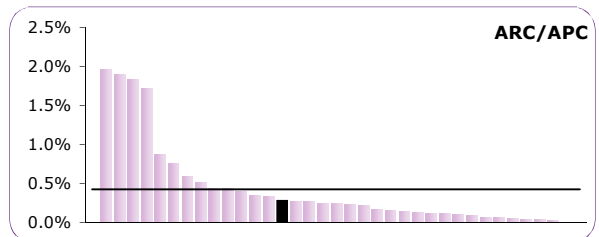
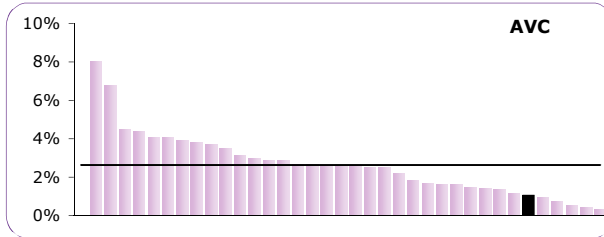


Actual calculations			
	No.	'000	Avg
<b>New starters</b>	<b>8,124</b>	<b>219</b>	<b>178</b>
- electronically	7,042	190	148
- manually	1,082	29	67
<b>Changes to details</b>	<b>7,986</b>	<b>215</b>	<b>309</b>
- electronically	6,282	169	180
- manually	1,704	46	146

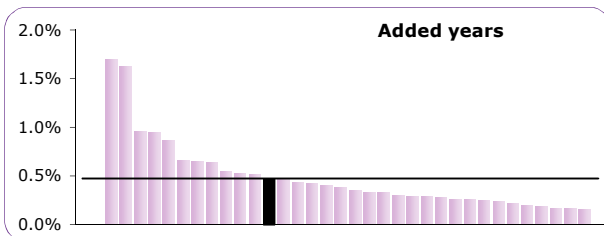
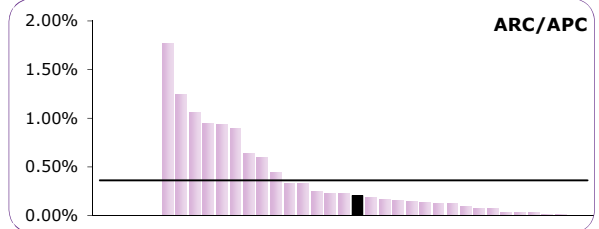
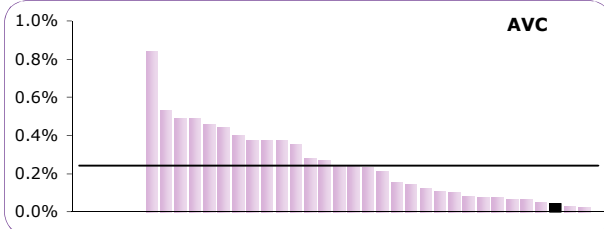
Retirements commuting lump sum		
Number	% total	Avg
905	63%	54%

## AVCs, ARCs and Added years

### % Currently contributing



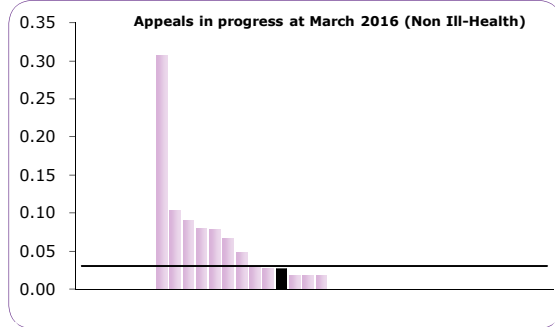
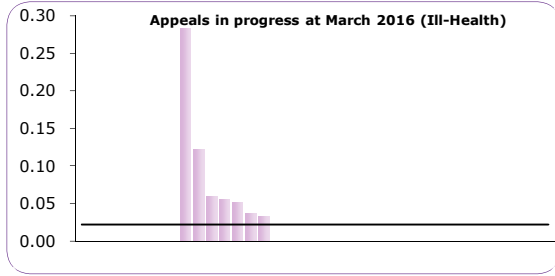
### % New contributors this year



Contributors to AVCs and ARCS			
	No.	%	Avg
<b>Currently contributing</b>			
- AVC	395	1.06%	2.64%
- ARC/APC	107	0.29%	0.42%
- Added years	177	0.48%	0.47%
Total	679	1.83%	3.43%
<b>New contributors this year</b>			
- AVC	17	0.05%	0.24%
- ARC/APC	76	0.20%	0.36%
Total	93	0.25%	0.52%

Active members
37,122

## APPEALS

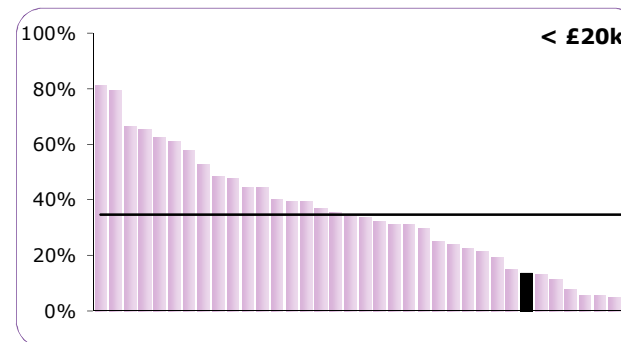
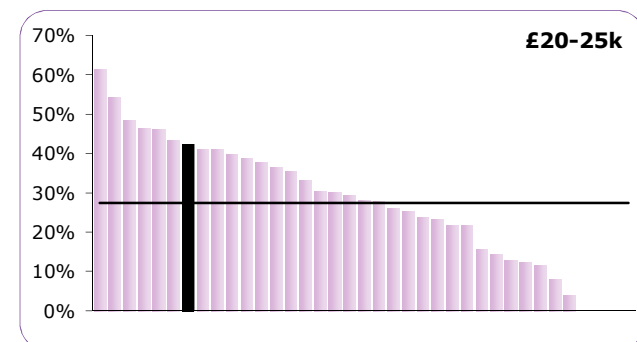
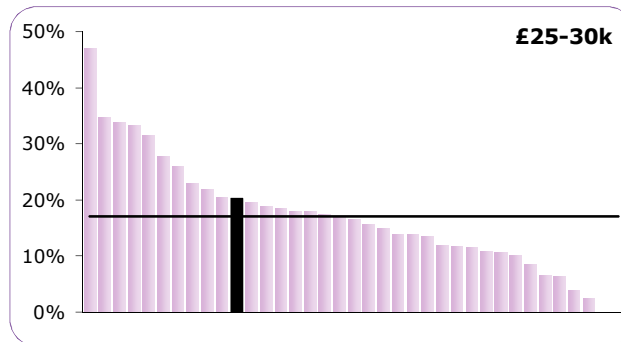
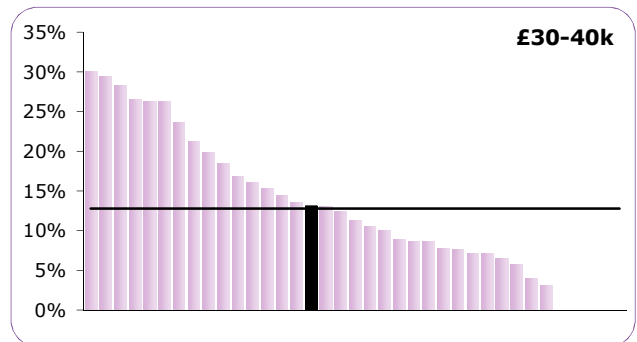
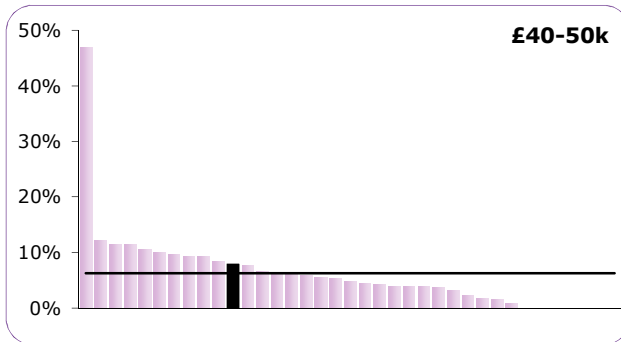
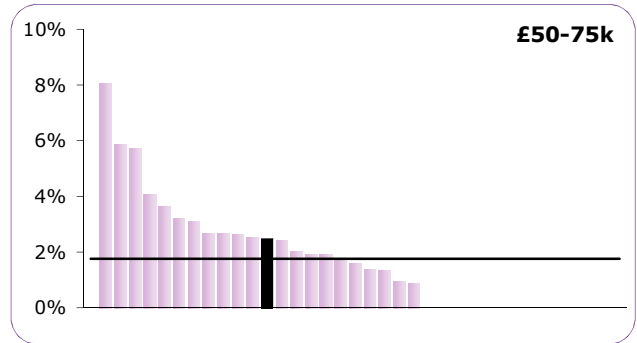
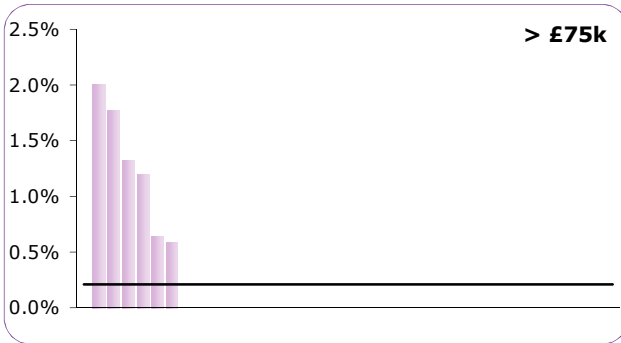


\*Club total: This shows the total for all the Benchmarking Club members 2016

Number of appeals	No.	Per '000 members	Avg	Club* total
<b>Ill-Health</b>				
In progress at start of year	0	0.00	0.03	25
In progress at end of year	0	0.00	0.02	29
<b>Non Ill-Health</b>				
In progress at start of year	2	0.05	0.04	31
In progress at end of year	1	0.03	0.03	27
<b>1st Stage</b>				
Appeals in Progress - 03.15	0	0.00	0.03	27
New Appeals in Year	2	0.05	0.14	194
Appeals Withdrawn	0	0.00	0.01	7
Appeals Upheld	0	0.00	0.03	36
Appeals Not Upheld	2	0.05	0.11	156
Appeals in Progress - 03.16	0	0.00	0.03	22
<b>2nd Stage</b>				
Appeals in Progress - 03.15	0	0.00	0.02	14
New Appeals in Year	1	0.03	0.03	59
Appeals Withdrawn	0	0.00	0.00	-
Appeals Upheld	0	0.00	0.02	17
Appeals Not Upheld	1	0.03	0.05	53
Appeals in Progress - 03.16	0	0.00	0.01	(2)
<b>Ombudsman Referrals</b>				
Appeals in Progress - 03.15	2	0.05	0.01	8
New Appeals in Year	0	0.00	0.01	13
Appeals Withdrawn	0	0.00	0.00	1
Appeals Upheld	0	0.00	0.00	1
Appeals Not Upheld	1	0.03	0.01	10
Appeals in Progress - 03.16	1	0.03	0.01	4

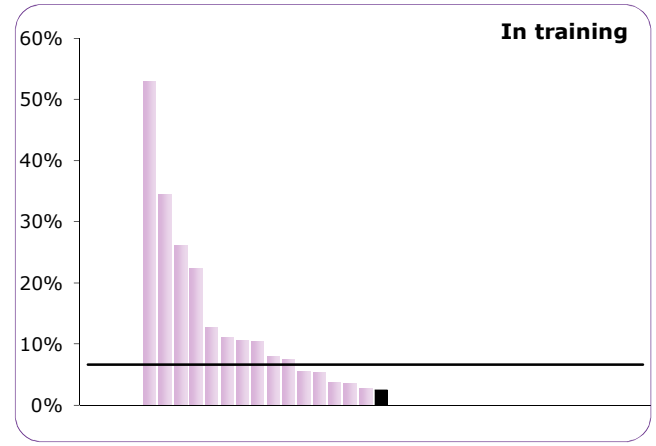
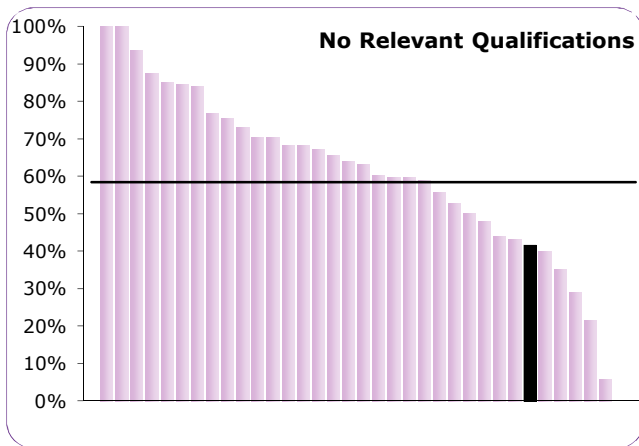
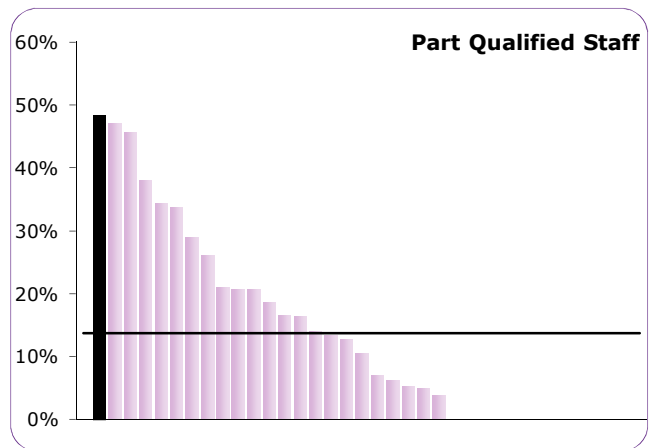
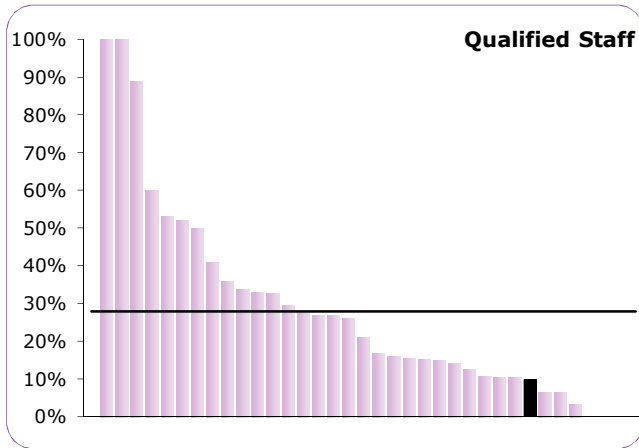
## SECTION 4 - STAFF RELATED MEASURES

### STAFF PAY



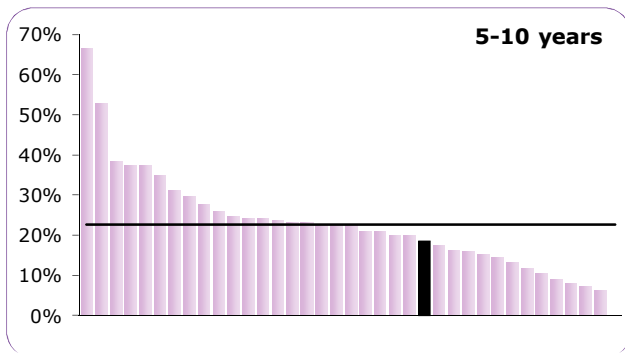
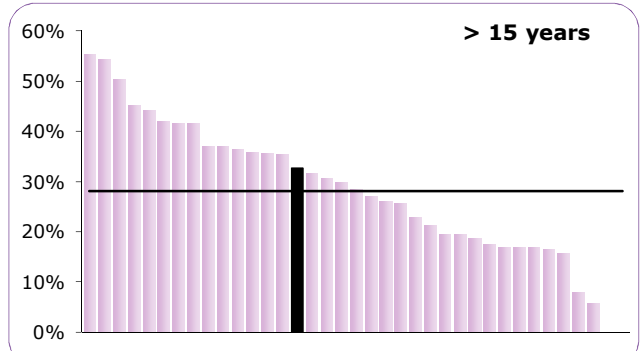
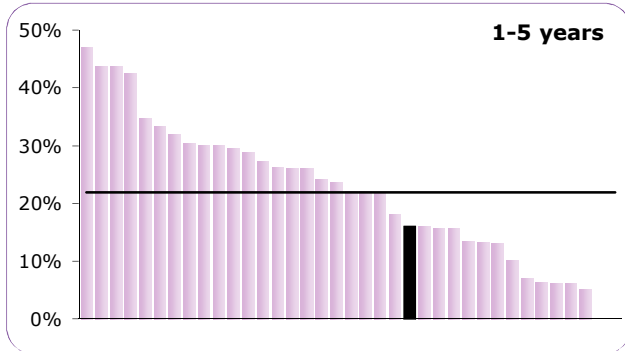
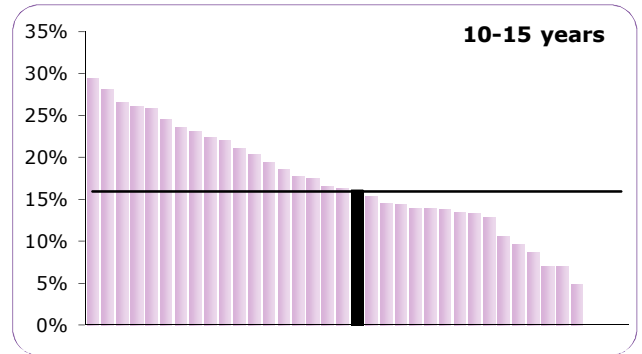
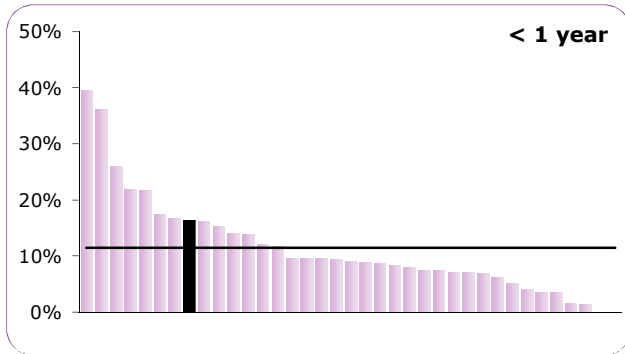
Staff pay			
	FTE	%	Avg
> £75k	0.0	0%	0.2%
£50-75k	1.0	2%	1.7%
£40-50k	3.2	8%	6.2%
£30-40k	5.3	13%	12.8%
£25-30k	8.2	20%	17.0%
£20-25k	17.1	42%	27.4%
< £20k	5.5	14%	34.7%
<b>Total</b>	<b>40.3</b>		

## STAFF QUALIFICATIONS



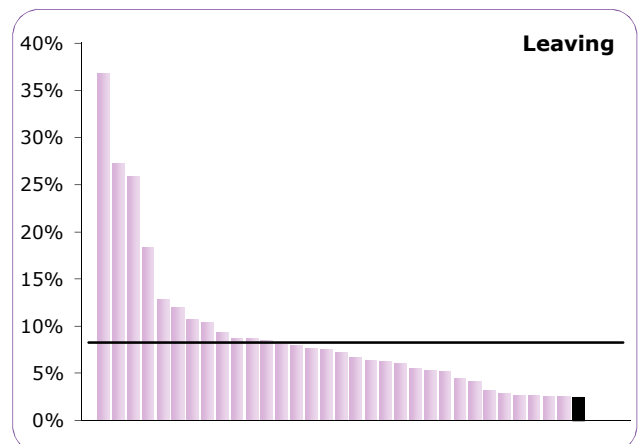
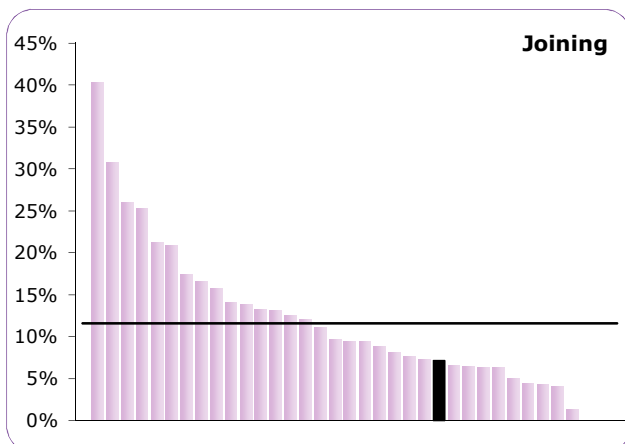
Staff qualifications			
	FTE	%	Avg
Qualified Staff	4.0	10%	28%
Part Qualified Staff	19.5	48%	14%
No Relevant Qualifications	16.8	42%	58%
<b>Total</b>	<b>40.3</b>		
Number in Training	1.0	2%	7%

## STAFF PENSIONS EXPERIENCE



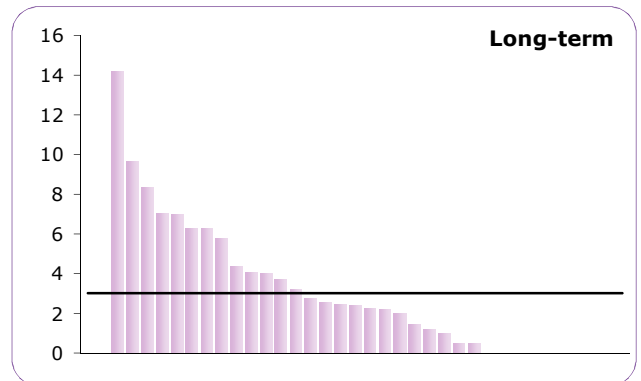
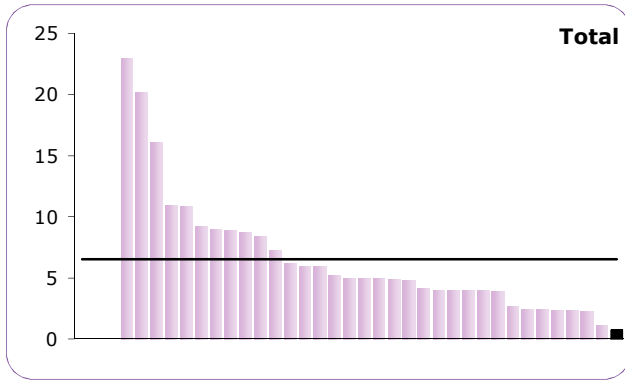
Staff experience			
	FTE	%	Avg
< 1 year	6.6	16%	11%
1-5 years	6.5	16%	22%
5-10 years	7.5	19%	23%
10-15 years	6.5	16%	16%
> 15 years	13.2	33%	28%
<b>Total</b>	<b>40.3</b>		

## STAFF TURNOVER



Staff Turnover			
	FTE	% change	Avg
Staff at 1/4/2015	38.4		
+ Staff joining Pension section	2.9	7.2%	11.6%
- Staff leaving Pension section	1.0	2.5%	8.3%
Staff at 31/3/2016	40.3	4.9%	4.6%

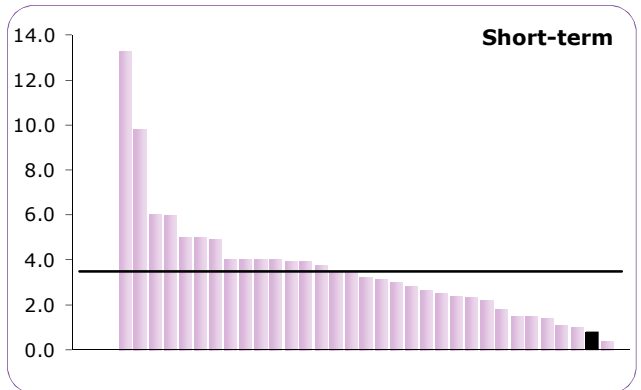
## SICKNESS ABSENCE



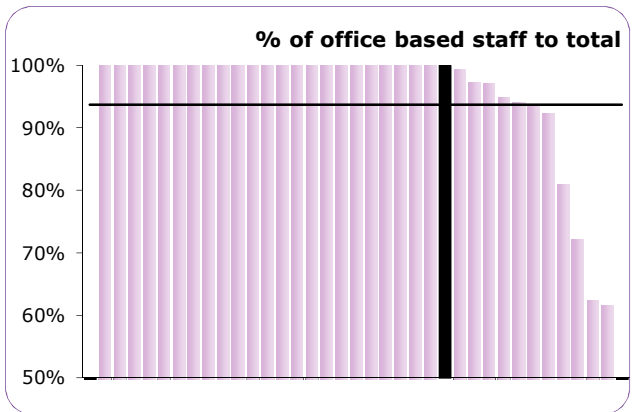
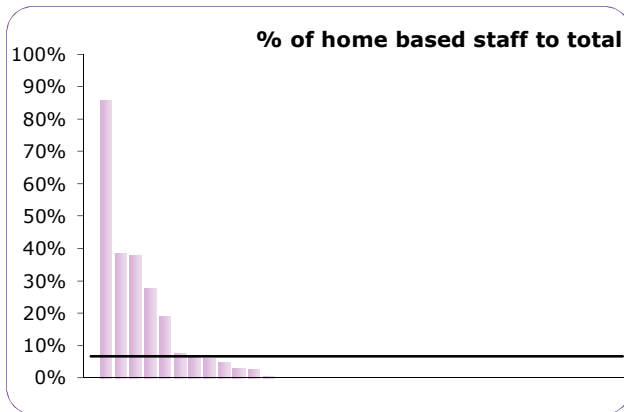
Sickness absence	Days/FTE	Avg
Long-term sickness	0.0	3.0
Short-term sickness	0.8	3.5
<b>Total</b>	<b>0.8</b>	<b>6.5</b>

Long-term sick (periods of sickness over 20 working days)

Short-term sick (periods of sickness of 20 days or less)



## STAFF LOCATION

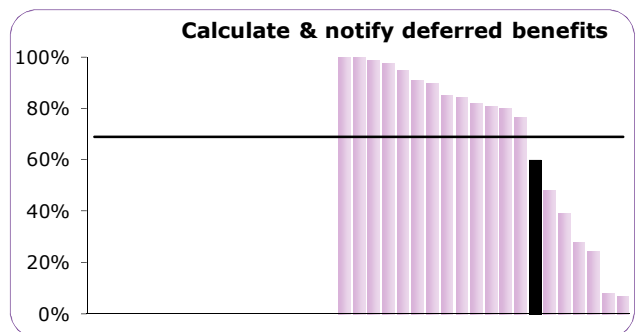
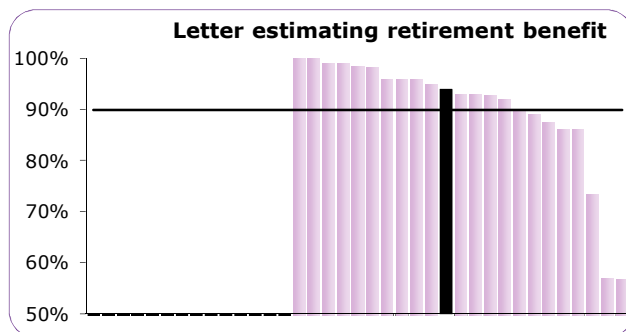
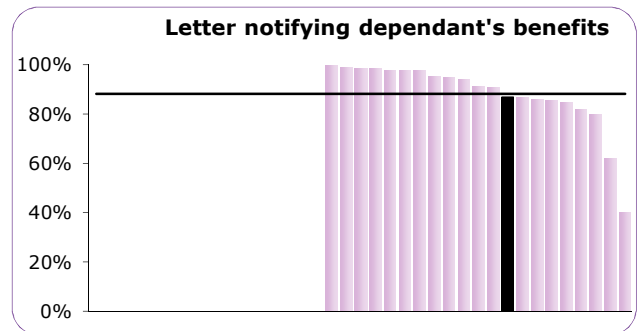
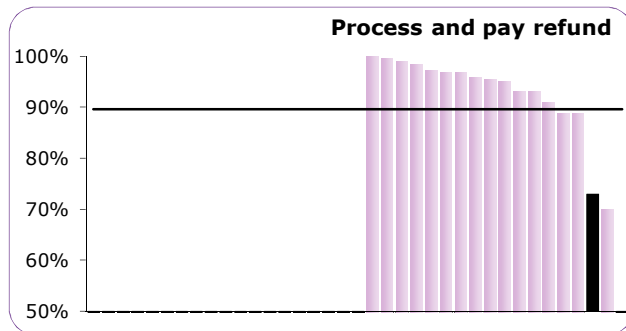
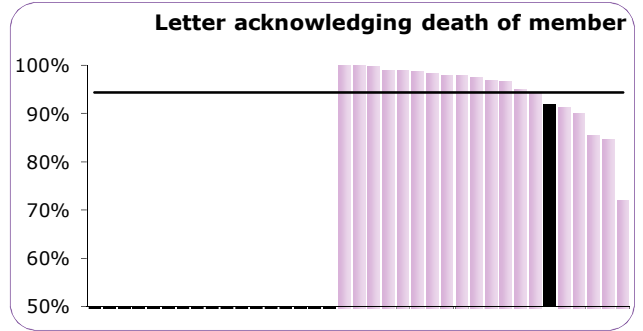
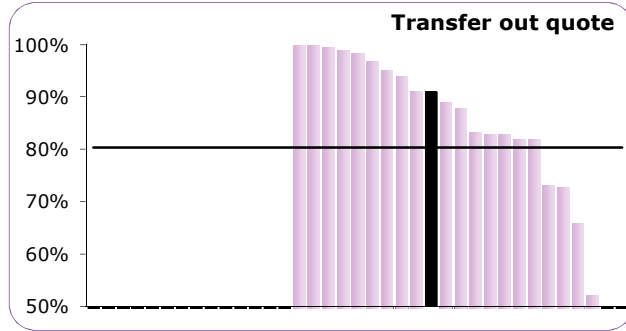
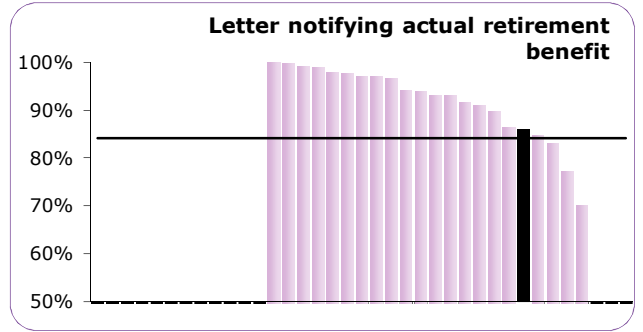
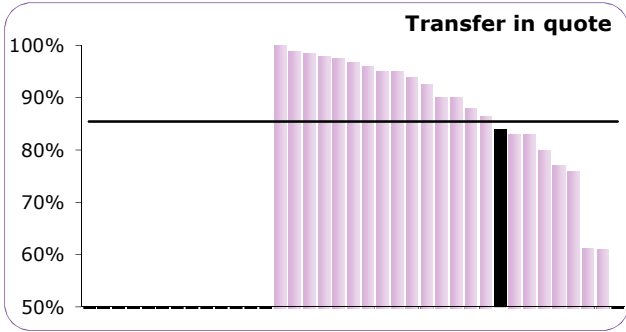


Staff location	FTE	Avg	% to total FTE	Avg
Home based	0.0	2.1	0%	7%
Office based	40.3	33.2	100%	94%
<b>Total</b>	<b>40.3</b>			

Office Based: Staff members who spend >50% of their contracted time working in the office

Home Based: Staff members who spend 50% of their contracted time working from home.

## SECTION 5 - INDUSTRY STANDARD PI's



Industry Standard PI's	Target	Achieved	Avg
Letter detailing transfer in quote	10 days	84.0%	85.4%
Letter detailing transfer out quote	10 days	91.0%	80.3%
Process and pay refund	5 days	73.0%	89.6%
Letter notifying <b>estimate</b> of retirement benefit	10 days	94.0%	89.9%
Letter notifying <b>actual</b> retirement benefit	5 days	86.0%	84.1%
Process and pay lump sum retirement grant	5 days	90.0%	84.3%
Letter acknowledging death of member	5 days	92.0%	94.3%
Letter notifying amount of dependant's benefits	5 days	87.0%	88.1%
Calculate and notify deferred benefits	10 days	60.0%	68.8%

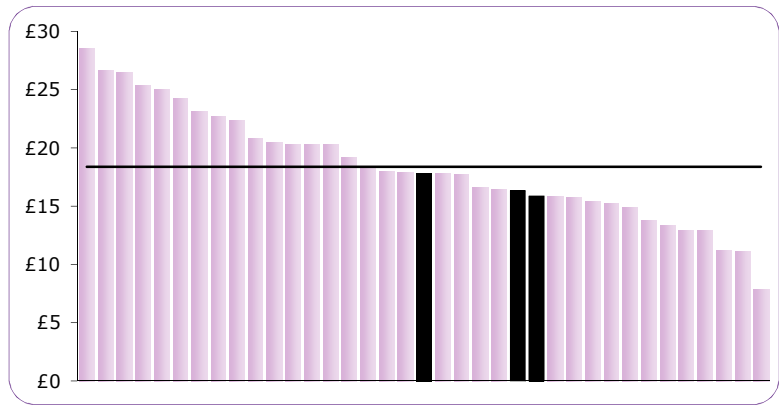


# SECTION 6 - COMPARISON BY METHOD OF SERVICE DELIVERY

## COMPARISON OF OUTSOURCED/IN-HOUSE MEMBERS

Total members with data:	38
Outsourced members:	3

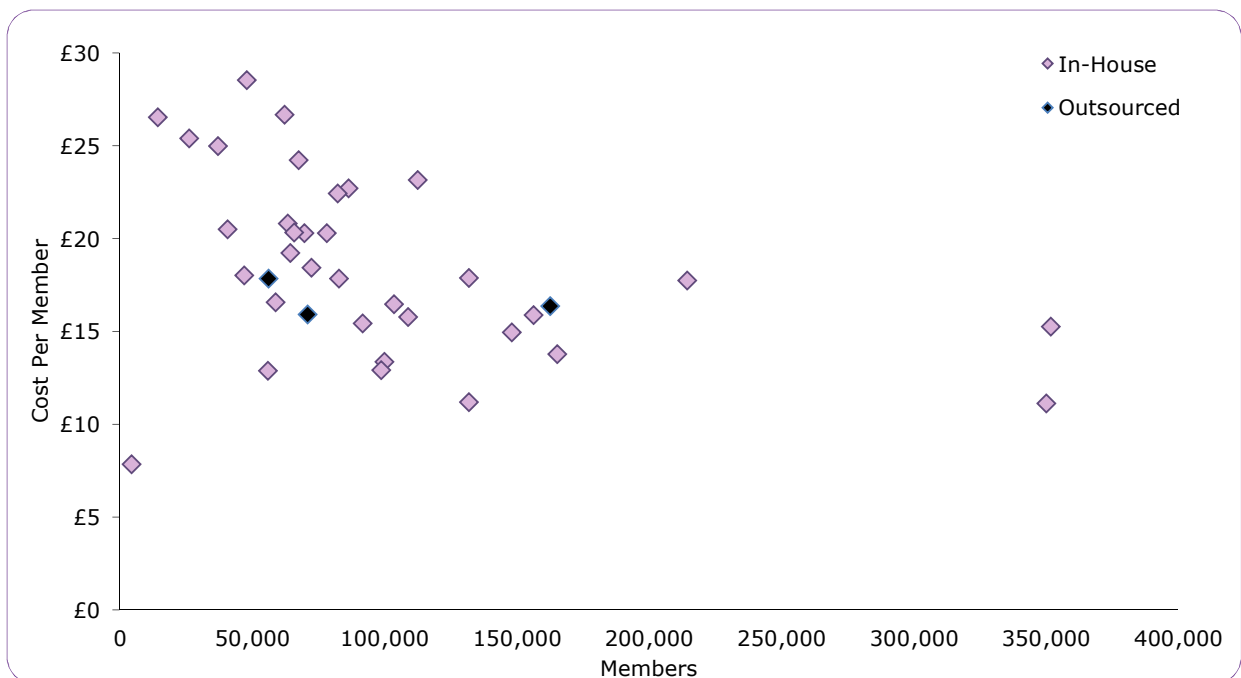
## LGPS ADMIN COST PER MEMBER (INCLUDING PAYROLL)



*Black bars show outsourced members*

	Cost	Members	Cost per Member
Bath	£1,721	108,965	£15.79
Club average	£1,683	99,473	£18.37
Outsourced average	£1,595	96,455	£16.71
In-house average	£1,690	99,740	£18.52

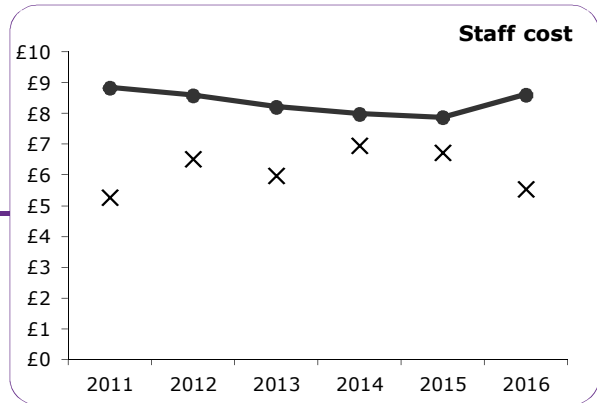
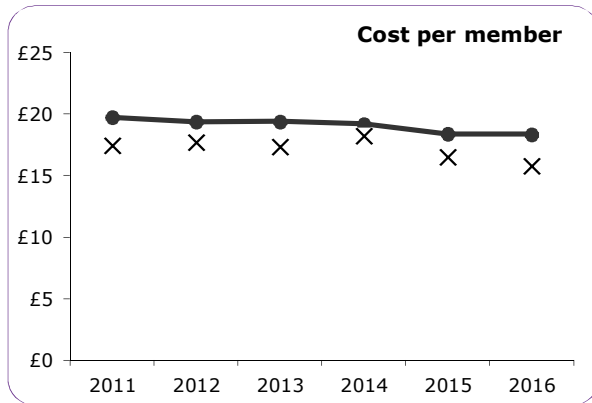
## COST PER MEMBER COMPARED WITH NUMBER OF MEMBERS





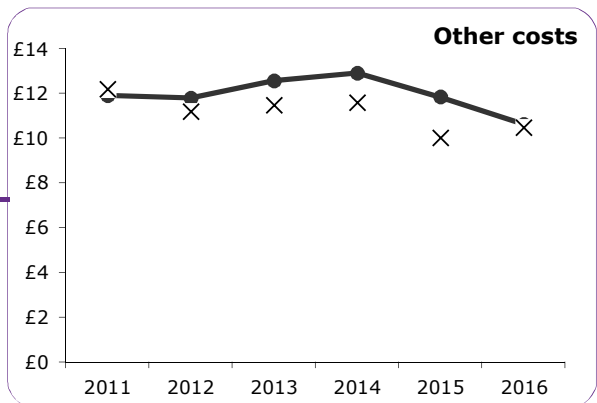
## SECTION 7 - TIMESERIES

The 2016 averages are the actual club averages.

For previous years, the averages shown here are scaled up or down from the 2015 figure based on the average rate of change in each year. This is calculated using data from members who supplied figures in consecutive years, otherwise the simple average in each year would be distorted by changes in the composition of the club from year to year.



**KEY:**  
 Club average  
 Bath



Time series analysis						
	2011	2012	2013	2014	2015	2016
Members	85,417	88,182	91,851	99,209	104,532	108,965
Net cost (£'000)	1,492k	1,562k	1,593k	1,813k	1,730k	1,721k
Cost per member	£17.47	£17.71	£17.34	£18.27	£16.55	£15.79
Average	£19.75	£19.39	£19.40	£19.19	£18.41	£18.37
Staff cost	£5.28	£6.52	£5.99	£6.97	£6.73	£5.54
Average	£8.85	£8.60	£8.22	£7.99	£7.88	£8.62
Other costs	£12.19	£11.19	£11.48	£11.57	£10.02	£10.47
Average	£11.90	£11.79	£12.55	£12.90	£11.84	£10.61



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[www.cipfa.org/services/benchmarking](http://www.cipfa.org/services/benchmarking)

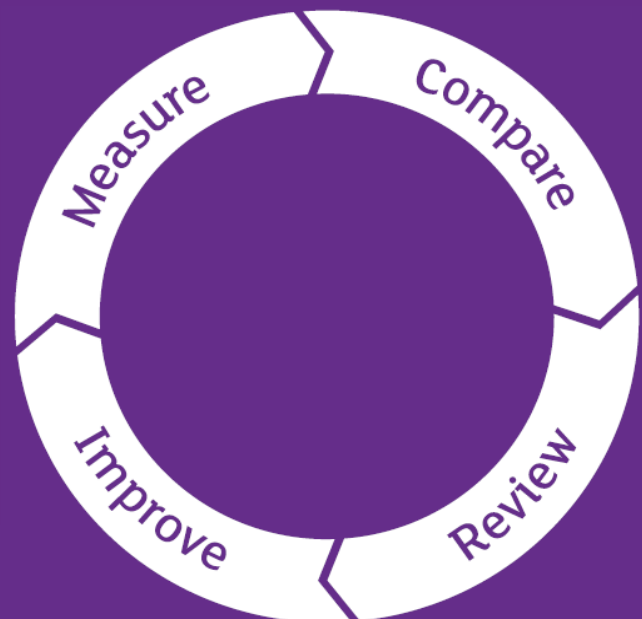
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<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>LOCAL PENSION BOARD - AVON PENSION FUND</b>	
MEETING DATE:	<b>16<sup>th</sup> February 2017</b>	<b>AGENDA ITEM NUMBER</b>
TITLE:	<b>Risk Management Update</b>	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
List of attachments to this report: Appendix 1 Pension Fund Risk Register		

## **1 THE ISSUE**

1.1 The purpose of this report to update the current position of the Avon Pension Fund Risk Register and its top risks.

## **2 RECOMMENDATION**

### **That the Board**

2.1 Notes the report and comment on the Risk Register.

## **3 FINANCIAL IMPLICATIONS**

3.1 There are no direct implications related to the Pension Board in connection with this report.

## **4 REPORT**

### **RISK REGISTER**

- 4.1 The Risk Register follows the format of the Council's risk register for each service. It identifies the significant risks that could have a material impact on the Fund in terms of value, reputation, compliance or provision of service and sets out the action taken to manage the risk.
- 4.2 The Risk Register is reviewed regularly by the pension management team. Risks identified cannot be eliminated but can be treated via monitoring.
- 4.3 The risks identified fall into the following general categories:
- (i) Fund administration & control of operational processes and strategic governance processes and TPR compliance – mitigated by having appropriate policies and procedures in place, use of electronic means to receive and send data and information

- (ii) Service delivery partners not delivering in line with their contracts or SLAs – mitigated by monitoring and measuring performance
- (iii) Financial loss due to payments in error, loss of assets due to investment strategy and/or managers failing to deliver required return, fraud or negligence of investment managers or custodian – mitigated by processes to reconcile payments, regular review of strategic return and manager performance and annual review of investment strategy, robust legal contracts to protect against fraud & negligence
- (iv) Changes to the scheme – mitigated by project plans with defined milestones and responsibilities, progress reviewed periodically by management team
- (v) Increasing political pressure to reform scheme structure and governance frameworks and direct investment decisions – mitigated by having well defined investment policies and by engaging with the government through the consultation process

4.4 The Fund continues to invest significantly in systems and resources to ensure the risks are managed effectively and resilience is built into the service. The arrangements in place are supported by external and internal audit reviews.

4.5 The Fund reviews all risks annually and the top 10 risks and changes quarterly with the latest review in January 2017.

## 5 RISK MANAGEMENT

5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance and there are no significant or material risks to report as this is an information report.

## 6 EQUALITIES

6.1 A proportionate equalities impact assessment has been undertaken and there are no significant issues to report.

## 7 CONSULTATION

7.1 Report and Issues have been subject to consultation with the S151 Officer and Strategic Director of Resources.

<b>Contact person</b>	Geoff Cleak, Acting Pensions Manager Tel: 01225 395277 Jeff Wring, Head of Audit West 01225 477323
<b>Background papers</b>	
<b>Please contact the report author if you need to access this report in an alternative format</b>	

## AVON PENSION FUND RISK REGISTER - TOP 10 RISKS DASHBOARD

Date updated: 06/02/2017

KEY	
LOW	1 to 6
MEDIUM	7 to 14
HIGH	14 to 25

	#	SUMMARY DESCRIPTION	RISK OWNER	RISK SCORE										CURRENT OVERALL STATUS	PERIODS AGO			COMMENTARY ON CURRENT STATUS	KEY UPDATES/CHANGES TO ACTIONS DURING PERIOD		
				Likelihood					Impact						1	2	3				
				1	2	3	4	5	1	2	3	4	5								
1	R54	Project Brunel (Pooling) - Failure to deliver on the government's intended plans to pool Pension Fund Investments from different schemes and deliver potential additional efficiencies	Pensions Investments Manager	2									4			MEDIUM	H	H	H	Established shadow governance structure to ensure the project is effectively managed. There is a shadow Oversight Board comprising of chairs of committees; the shadow Operations Group comprises investment Managers/Heads of pensions. S151 officers are working collectively on the project.	Expert advice has been commissioned to advise on the legal structure required, FCA authorisation and related issues. Advice will be commissioned as required. A project manager has been appointed to co-ordinate and control the workplan. SOB representatives to engage with local committees to get buy in. Workstreams within workplan enable work to be shared across funds in line with resource capacity. APF has backfilled the Investment team to provide cover for Investments Manager. Advertised for Chair and Non-Exec Directors advertised Jan 2017
2	Pages 3-6	Academies - Failure of the Pension Fund to be in a position to respond appropriately to the potential large increase in new employers from the government's Academies agenda	Pensions Admin Manager										4		3	MEDIUM	H	H	Additional governance and administration risk if all schools convert to academies. Employer base would like increase from circa 250 to +500. Regular communication with UA's to determine volumetrics and timeframe. APF attend periodic education/school forums.	Review of Admin structure undertaken with creation of dedicated Employer Services section. Expected effective from January 2017.	
3	R19	Employers - Failure of the Pension Fund to ensure employers deal with their obligations to the fund, i.e. paying correct contributions, their skills and competencies and overall solvency	Pensions Admin Manager	2											3	MEDIUM	M	M	M	Pensions Admin Strategy revised in 2015 to ensure the Governance and administration requirements of TPR are properly addressed as they fall to the Fund and Employers. Key objectives/strategies set (Communications, Training, ICT & Performance Framework) Agreed SLA's in place. TPR Compliance review undertaken - April 2016	Task workflow and reporting project due completion in November 2017. MSS 2 development in progress.
4	R26	Investment - Failure of the Pension Fund to ensure that investments achieve expected returns - resulting in potential contribution increases	Pensions Investments Manager												3				4	The Fund periodically undertakes an asset liability study which determines the appropriate risk adjusted return investment strategy required to meet the liabilities. The investment strategy is reviewed annually by the committee to ensure it remains appropriate. Strategic issues or tactical opportunities are considered at quarterly meetings of Panel and /or Committee.	

5	R51	Liabilities - Failure of the Pension Fund to ensure that the GMP reconciliation exercise does not lead to liabilities between the Pension Fund and HMRC	Technical & Compliance Advisor															MEDIUM	M	M	M	Time frame for exercise (Oct 2014 to December 2018) Project has been set up and 1.5 FTE temp. resource identified/appointed. Initial work on data matching (LGPS/HMRC) undertaken.	Review scope of project. Need to agree policies for tolerances with Committee
6	R16	Staff - Failure of the Pension Fund to ensure it has adequate resources and staff with the requisite skills and competencies to administer the Fund	All Managers															MEDIUM	M	M	M	Officers are trained and updated in key areas. Attendance at relevant national courses and internal training with peers. Succession planning to build resilience and minimise risk of losing skilled/specialist staff. Introduction of Apprentice programme from April 2017.	Introduction of skills & knowledge training plan following Admin restructure (Jan 2017)
7	R55	Brexit - May have both negative implications for the investment strategy and expected returns/risk levels. Short term impact is mainly via depreciation of sterling. Medium/longer term impacts may be from inflation and interest rates as well as regulatory changes.	Pensions Investments Manager															LOW	L			New Risk (August 16) The impact will be assessed at quarterly Panel and Committee meetings when strategy is monitored.	Strategic investment review in 2017 will reset investment expectations and evaluate investment opportunities having assessed the impact of Brexit on investment markets and liabilities.
8	Page 94 R05	Fraud - Failure of the Pension Fund to ensure all aspects of its governance and internal control framework can prevent or mitigate losses through Fraud and poor control	Pensions Admin Manager															MEDIUM	M	M	M	APF has introduced TPR control framework and data improvement plan. Data is reported quarterly to both Pensions Committee and LPB. National TPR compliance review undertaken in April 2016 with RAG indicator.	Governance Audit planned for November 2016.
9		Data Protection - Failure to secure and manage personal data held by the Pension Fund in an appropriate manner and in line with statutory responsibilities	Pensions Admin Manager															LOW	L	L	L	All staff undertake to share personal data with 3rd parties through controlled framework in compliance with B&NES DP policies. Awareness of potential risk in not doing so.	Further staff training to be implemented following recent DP breach (non-material significant).
10	R01	System Failure - Failure of the Pension Fund to ensure that it has adequate and robust systems to ensure Pensions are administered and paid in accordance with its obligations and statute	Finance Systems Manager															MEDIUM	L	L	L	Policies in place: (i) SLA with B&NES IT for corporate systems (ii) SLA with Heywood for pensions system (iii) SLA with Finance Systems Support team (iv) APF DR policy (v) B&NES BCP (vi) Daily system backup.	Exploring possibility of hosted service with software provider. SLA with Finance Systems Support being drafted. Sign off expected March 2017



<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>LOCAL PENSION BOARD - AVON PENSION FUND</b>	
MEETING DATE:	<b>16<sup>th</sup> February 2017</b>	<b>AGENDA ITEM NUMBER</b>
TITLE:	<b>Internal Audit Update</b>	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
List of attachments to this report:		
Appendix 1	Summary of Pension Fund Internal Audit Work	
Appendix 2	Draft Internal Audit Report on Pension Governance	
Appendix 3	Draft Internal Audit Report on Pension Administration	

## **1 THE ISSUE**

- 1.1 The purpose of this report an update on Internal Audit activity.
- 1.2 The report and its appendices are important for the Board to consider in the context of their understanding of the performance and management of the fund.

## **2 RECOMMENDATION**

### **That the Board**

- 2.1 Notes the report and outcomes from Internal Audit work and the proposed areas to be included in the Bath & North East Somerset Council Audit Plan for 2017/18.

## **3 FINANCIAL IMPLICATIONS**

- 3.1 There are no direct implications related to the Pension Board in connection with this report aside from any additional audit review costs requested by the Board.

## **4 REPORT**

### **2016/17 Internal Audit Work**

- 4.1 Internal Audit reviews the fund as part of their overall plan across all activities within the Council and there is no specific audit plan for the Pension Fund as only 30 days review work takes place.
- 4.2 However risks connected to the Pension Fund are considered separately as part of the planning process and this results in normally one or two audit reviews occurring each year depending on the scope of works.

- 4.3 A summary of work undertaken in the last four years is attached at Appendix 1 and Appendices 2 & 3 include the draft audit reports for the work carried out in 2016/17.
- 4.4 In respect of the two areas reviewed in 2016/17 - Pensions Administration & Pensions Governance - the audit opinions are positive and there are no significant risk areas to be brought to the board's attention. However there are specific recommendations made in relation to the Board in the Governance review that are pertinent to the later item on the agenda regarding training.
- 4.5 Looking forward the audit plan for the Pension Fund now also takes account of the Pension Board requirements and this will result in additional audit time from the 2017/18 year onwards to carry out work on behalf of the board.
- 4.6 As at the date of writing this report the following areas have been flagged up for potential inclusion in the 2017/18 plan connected to the Pension Fund and Pension Board. Currently these significantly exceed the time available and the views of the Board are sought –
- a) Pensions Investments – This area is due for review however due to the current plans for Project Brunel and future management of Pensions Investments it would be prudent to set aside this audit and focus time specifically to support Project Brunel and ensure appropriate assurances are in place with regard to the proposals being made and risks to the Council.
  - b) Pensions Administration – System Calculations – Focus on assurance of a range of calculations to ensure integrity of data
  - c) Pensions Administration – Employer Contributions – Focus on reviewing monthly and annual data submissions and ensuring integrity of data
  - d) Pensions Governance (COP 14) – This area has been reviewed in full over the last 2 years however it is felt important to carry out an annual high level review to ensure compliance and standards are maintained on behalf of the Board as it is a key requirement of the Board's terms of reference.
  - e) Pensions Accounting Standards – This area has been suggested as a high level compliance review by the Chair of the Board to ensure appropriate pension fund accounting standards are being followed which currently sit outside of the remit of the External Auditor.
  - f) Pensions Payroll – This area is due for review based on our long term plan but is currently assessed as lower risk than the other proposed audit areas detailed above.
- 4.7 The Board is therefore asked to comment on any specific audit activity which they would like to be considered for 2017/18 prior to it being submitted to the Council's Audit Committee in April for approval. Costs for any additional work over and above that identified in para 4.1 would need to be met from the budget for the Board and a separate report on the agenda details this budget.

## **5 RISK MANAGEMENT**

- 5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance and there are no significant or material risks to report.

## 6 EQUALITIES

6.1 A proportionate equalities impact assessment has been undertaken and there are no significant issues to report.

## 7 CONSULTATION

7.1 Report and Issues have been subject to consultation with the S151 Officer and Strategic Director of Resources.

<b>Contact person</b>	Jeff Wring, Head of Audit West 01225 477323
<b>Background papers</b>	
<b>Please contact the report author if you need to access this report in an alternative format</b>	

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**APPENDIX 1 - Avon Pension Fund Board - Internal Audit Reviews – 12/13 – 16/17**

**Internal Audit Work 2012/13 to 2016/17**

Year	Heading (Date of Final Report)	Scope	Assurance Level	No of Recommendations	
				Reported	Implemented at Follow-Up
2012/13	Pensions Administration	Review of the framework of internal controls in relation to the Administration processes, including ensuring that: <ul style="list-style-type: none"> <li>• Control arrangements are in place to certify that all benefits calculations are carried out timely and accurately.</li> <li>• Employer contributions are received in full, recorded timely and accurately.</li> <li>• Member information held within Altair is accurate and maintained in a timely manner.</li> </ul>	'4' Good	7	6  (*1)
2013/14	Pensions Investments	Limited review concentrated on supporting the Investment Manager in reviewing the adherence of the fund to the Myners Principles, reviewing the structure of independent advice and providing guidance on the use of electronic transaction processes with the Global Custodian Bank.	'5' Excellent	3	1  (*2) (*3)
	Pensions Payroll	This audit review took place to give assurance that: <ol style="list-style-type: none"> <li>1) Pension Payments are only made to eligible recipients.</li> <li>2) Monthly and lump sum pension payments are made accurately and promptly.</li> <li>3) Pension payments are accurately recorded on the pension system and reconciled monthly with the Financial Management System.</li> </ol>	'4' Good	3	3

		<p>4) Information and payments sent to external organisations, including government departments and agencies in an accurate and timely manner.</p> <p>5) Management reporting (which is relevant, sufficient, accurate and timely) is produced and issued to the appropriate level (includes exception/error reporting).</p>			
2014/15	Pensions Administration (i-Connect)	<p>This audit review took place to give assurance that:</p> <p>1) the files received from employers are managed and uploaded in a controlled way;</p> <p>2) corrections are tracked through a proper decision process and audit trail;</p> <p>3) error log management is properly controlled.</p>	'4' Good	1	1
2015/16	Pensions Administration (Contributions & Member Records)	<p>This audit review took place to give assurance that:</p> <p>1) Members information is held in compliance with Data Protection and is provided to relevant parties to fulfil member and regulation requirements.</p> <p>2) Employer (employer and employee) contributions are accurate and received in full by specified timescales.</p> <p>3) The Pension Fund provides accurate and timely information to assist employers in fulfilling their Pension Fund obligations.</p> <p>4) A governance framework and processes are in place to manage/scrutinise Pension Fund administration.</p> <p>5) Employers provide accurate member and contribution information by specified timescales.</p>	'4' Good	5	Being Followed-up Q4 16/17
2015/16	Pensions IT Controls - IT Systems (Altair & I-Connect)	<p>This audit review to give assurance that:</p> <p>1) Access to the system is restricted.</p> <p>2) The integrity of the data within the system is safeguarded.</p> <p>3) System availability is maintained by robust Business Continuity and IT Disaster Recover arrangements.</p>	'4' Good	4	Being Followed-Up Q4 16/17

2016/17	Pensions Administration (Benefits & Lump Sum Payments)	<p>This audit review took place to give assurance that:</p> <ol style="list-style-type: none"> <li>1) Member and beneficiary benefit and lump sum entitlements are accurately calculated.</li> <li>2) All transactions are recorded in accordance with The Public Service Pensions (Record Keeping &amp; Miscellaneous Amendments) Regulations 2014.</li> <li>3) Benefits and lump sums are processed and paid in accordance with the schemes timescales.</li> </ol>	'5' Excellent	1	To be followed up in 17/18
2016/17	Pensions Governance	<p>This audit review took place to give assurance that:</p> <ol style="list-style-type: none"> <li>1) The Pension Board has the right balance of skills, experience and representation.</li> <li>2) Information about the Pension Board is accessible and up-to-date.</li> <li>3) The risks and control framework are assessed, recorded and regularly revised.</li> <li>4) Internal dispute resolution procedures and processes operate effectively and timely.</li> <li>5) Whistleblowing (report of breach of law) procedures and processes operate effectively and timely.</li> <li>6) Pension Board Members are conversant with Pension Scheme legislation and standards.</li> <li>7) Pension Board Members do not have a conflict of interest, or are aware of the need to declare a potential conflict of interest.</li> </ol>	'4' Good	2	To be followed up in 17/18

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**Draft Internal Audit Report**  
**Confidential**

# **Pensions Governance**

**January 2017**

## Executive Summary

### Audit Opinion:

Assurance Rating	Opinion
Level 5	The systems of internal control are excellent with a number of strengths and reasonable assurance can be provided over all the areas detailed in the Assurance Summary
Level 4	<b>The systems of internal control are good and reasonable assurance can be provided. Only minor weaknesses have been identified over the areas detailed in the Assurance Summary</b>
Level 3	The systems of internal control are satisfactory and reasonable assurance can be provided. However there are a number of areas detailed in the Assurance Summary which require improvement and specific recommendations are detailed in the Action Plan
Level 2	The systems of internal controls are weak and reasonable assurance could not be provided over a number of areas detailed in the Assurance Summary. Prompt action is necessary to improve the current situation and reduce the risk exposure
Level 1	The systems of internal controls are poor and there are fundamental weaknesses in the areas detailed in the Assurance Summary. Urgent action is necessary to reduce the high levels of risk exposure and the issues will be escalated to your Director and the Audit Committee

### Assurance Summary:

Assessment	Key Control Objectives
Excellent	Ensure that the Pension Board has the right balance of skills, experience and representation.
Excellent	Ensure that information about the Pension Board is accessible and up-to-date.
Excellent	Ensure that risks and the control framework are assessed, recorded and regularly revised.
Excellent	Ensure that internal dispute resolution procedures and processes operate effectively and timely.
Excellent	Ensure that whistleblowing (report of breach of law) procedures and processes operate effectively and timely.
Good	Ensure that Pension Board Members are conversant with Pension Scheme legislation and standards.
Good	Ensure that Pension Board Members do not have a conflict of interest, or are aware of the need to declare a potential conflict of interest.

## **Detailed Report**

### **Opinion:**

Internal Audit has undertaken a review of the risks and controls related to Pensions Governance and assessed the framework of internal control at Level 4. A total of 2 audit recommendations are detailed in the Action Plan.

### **Scope and Objectives:**

The scope and objectives of our audit were set out in the Audit Brief and a summary of our opinion against each of the specific areas reviewed has been detailed in the Assurance Summary section above.

### **Context & Audit Comment:**

The Avon Pension Fund Pension Board has been set up to assist in the good governance of the scheme through the monitoring of Fund performance and adherence to statutory duties. The Local Pension Board is not a decision-making body - its role is to assist in the compliance with scheme rules.

The Local Pension Board consists of three employer and three member representatives and an Independent Chairman. Having an Independent Chairman is a requirement for all responsible Local Government Pension Schemes.

During discussions with Board Members they confirmed their understanding of the legislative requirement to maintain a Pension Board and its role is to assist the Council (as the administering authority of the Avon Pension Fund), to secure compliance with:

- the Local Government Pension Scheme (LGPS) regulations
- any other legislation relating to the governance and administration of the scheme
- requirements imposed by the Pensions Regulator in relation to the scheme

They also recognised that the Pension Board's role is to ensure the effective and efficient governance and administration of the scheme but they all questioned the role of the Pension Board and whether it was required, i.e. added to the governance of the Pension Fund. Members also suggested that the Pension Committee and the Pension Board could work more closely to introduce greater efficiency with the administration of the Pension Fund by joining up on statutory governance policy discussions that the Pension Committee has delegated authority to approve.

This audit focussed on compliance with components of 'The Pension Regulator - Code of Practice no.14 - Governance and Administration of public service pension schemes', and follows on from the 2015/16 Internal Audit review of 'Pension Administration (Contributions / Member Records)'.

### **We identified the following strengths:**

- Members of the Pension Board are fully aware of their responsibilities regarding the acquisition and maintenance of knowledge in relation to the Pension Scheme.
- Discussions with a sample of Members identified that Members are of the opinion that they: 1) fulfil their formal role and responsibilities as recorded in the Board Terms of Reference; 2) were adequately supported by Officers and the Chair; and, 3) are adequately skilled/trained to undertake the role and are confident with the level of knowledge to carry out their duties.

## Draft Internal Audit Report – Pensions Governance

- Each Member completes an annual self-assessment to identify their training needs, which is then formulated into a training plan and approved by the Board.
- Pension Board Members possess a good, broad mix of business and pensions skills and experience, which assists in ensuring a well governed scheme.
- Information relating to the Avon Pension Fund, e.g. Scheme regulations and Scheme Admin strategy is up-to-date and accessible to its members.
- The scheme's risk assessment methodology and system has recently been redesigned to report on the top 10 risks, and these risks are routinely reported to the Board to enable Members to monitor risks. The Risk Register records the risk assessment for each risk for the current quarter (and 3 previous quarters if relevant).
- An Internal Dispute Resolutions Policy (IDRP) has been formally approved detailing the procedure for dealing with disagreements.
- A breaches procedure has been formally approved detailing the scheme's legal duty to report employer breaches of Pension Fund regulations.

### **We identified the following weaknesses:**

- Incomplete training logs for Board Members.
- BANES employee Board Members have not been required to complete a declaration of interest form.

### **Audit & Risk Personnel:**

Lead Auditor: Sue Bressington

### **Acknowledgements:**

Sincere thanks to Geoff Cleak, Jeff Wring, Gaynor Fisher, Steve Harman, Mark King, Sean O'Neill, Chris Salmon and all service staff for their help and assistance provided throughout the Audit review.

**ACTION PLAN**

HIGH RISK EXPOSURE				
	Weakness Found	Implication or Potential Risk	Recommendation(s)	Responsible Officer Management Comments Implementation Date
H1	<p><u>Incomplete training logs for Board Members.</u></p> <p>A review of the most recent training logs completed by Pension Board Members, confirmed that only 3 of the 6 Members plus the Chairman have fully completed the recommended training.</p> <p>The training still to be undertaken by 3 Members of the Board included:</p> <ul style="list-style-type: none"> <li>• TPR Code of Practice No.14</li> <li>• TPR's Public Sector Online Toolkit (7 modules)</li> </ul>	<p>Members may not be fully aware/understand the legislative requirements regarding governance arrangements for the Pension Fund.</p> <p>TPR Code of Practice No.14 (34-36) sets out the legal requirements for the knowledge and understanding required by pension board members; this may not be complied with if training is not fully completed.</p>	<p>The Chair of the Pension Board/Head of Audit West should formally request that all Members of the Board complete any outstanding training to ensure that they are fully trained and equipped to fulfil their pension fund governance role by 31<sup>st</sup> March.</p> <p>Training logs must be kept up-to-date.</p> <p>The Head of Audit West should retain training logs or maintain an electronic copy to evidence adequacy of Member training.</p>	

**Draft Internal Audit Report – Pensions Governance – 16-005B**

<b>HIGH RISK EXPOSURE</b>				
	<b>Weakness Found</b>	<b>Implication or Potential Risk</b>	<b>Recommendation(s)</b>	<b>Responsible Officer Management Comments Implementation Date</b>
<b>H2</b>	<p><u>BANES employee Board Members not requested to complete a declaration of interest form.</u></p> <p>BANES employee Pensions Board Member Steve Harman has not been required to complete a declaration of interest form, despite being bound by The Code of Conduct for Members and Co-Opted Members and The Rules for Registration of Interests and Conflicts of Interest.</p>	<p>Non-compliance with the Board's own Terms of Reference.</p> <p>Potential conflict of interest may not be declared.</p>	<p>A formal request to complete an Interest Declaration should be sent to the following Member(s) of the Pension Board:</p> <ul style="list-style-type: none"> <li>- Steve Harman</li> </ul> <p>The Head of Audit West should periodically verify that signed declarations are held for each Member of the Board whether interests are declared or nil returns are completed.</p>	

**Draft** Internal Audit Report  
Confidential

**Pensions Admin  
(Benefits & Lump Sum Payments)**

**January 2017**

## Executive Summary

### Audit Opinion:

Assurance Rating	Opinion
Level 5	The systems of internal control are excellent with a number of strengths and reasonable assurance can be provided over all the areas detailed in the Assurance Summary
Level 4	The systems of internal control are good and reasonable assurance can be provided. Only minor weaknesses have been identified over the areas detailed in the Assurance Summary
Level 3	The systems of internal control are satisfactory and reasonable assurance can be provided. However there are a number of areas detailed in the Assurance Summary which require improvement and specific recommendations are detailed in the Action Plan
Level 2	The systems of internal controls are weak and reasonable assurance could not be provided over a number of areas detailed in the Assurance Summary. Prompt action is necessary to improve the current situation and reduce the risk exposure
Level 1	The systems of internal controls are poor and there are fundamental weaknesses in the areas detailed in the Assurance Summary. Urgent action is necessary to reduce the high levels of risk exposure and the issues will be escalated to your Director and the Audit Committee

### Assurance Summary:

Assessment	Key Control Objectives
Excellent	Ensure that Member and beneficiary benefit and lump sum entitlements are accurately calculated.
Excellent	Ensure that all transactions are recorded in accordance with The Public Service Pensions (Record Keeping & Miscellaneous Amendments) Regulations 2014.
Good	Ensure that benefits and lump sums are processed and paid in accordance with the schemes timescales.



## Detailed Report

### Opinion:

Internal Audit has undertaken a review of the risks and controls related to Pensions Admin and assessed the framework of internal control at Level 5. A total of 1 audit recommendation is detailed in the Action Plan.

### Scope and Objectives:

The scope and objectives of our audit were set out in the Audit Brief and a summary of our opinion against each of the specific areas reviewed has been detailed in the Assurance Summary section above.

### Context & Audit Comment:

The Avon Pension Fund is administered on behalf of its employer members by Bath and North East Somerset Council. The Pension Administration team focuses on providing:

- pension calculations for members
- timely payment of benefits to its members
- accurate information about the pension fund
- support and training to employer organisations in the scheme

Employee contributions and the employee pension payable by the LGPS are different. Often people think that their contributions equal their pension - but employee payments are just "a contribution" towards the cost of the pension scheme.

Employee pension benefits are worked out using a defined formula. This formula is used to work out every year what an employee's pension will be when they retire. Their contributions are a percentage of their pay, which are deducted from their salary every month and paid to the Avon Pension Fund, along with a contribution from their employer.

As stated these contributions go into the Avon Pension Fund, from which the pensions are paid to those drawing their pension. Contributions pay for the cost of the scheme (including paying out pensions and paying death in service grants).

This audit focussed on pensions administration, in particular the calculation of member benefits and lump-sums. The testing carried out to check 'accuracy of calculations' was performed by checking that the Altair records for a sample of members requesting quotations (for a variety of scenarios including standard and early retirement), or members actually retiring, had been accurately input, checked and authorised in accordance with relevant form/documentation. This was linked to the earlier review of Altair which tested the controls for the management of standing data and background calculations. This forms part of a wider remit, and other pension administration tasks will be reviewed separately in accordance with the agreed audit plan, including a more detailed review of calculations by checking the calculations produced by Altair.

### We identified the following strengths:

- The Workflow Tasks set up for both active and deferred member benefit and lump sum calculations have been accurately configured in accordance with the scheme's rules and service level agreements.

## Draft Internal Audit Report – Pensions Admin

- A sample of 5 active leavers and 5 deferred leavers was reviewed and confirmed to have been accurately input into Altair and therefore producing accurate benefit/lump-sum calculations.
- There is an adequate separation of duties between the processing and approval of member benefit and lump-sum payments.
- All member and beneficiary transactions/records are retained in accordance with The Public Service Pensions (Record Keeping & Miscellaneous Amendments) Regulations 2014.

### We identified the following weaknesses:

- Pension fund statistics confirm that for the month of November 2016, actions regarding the calculation of benefits and/or lump sums were only completed in accordance with the prescribed Service Level Agreement timescales 35% of the time overall.  
This includes:
  - Retirement quotes for active members were processed within 5 working days of receiving necessary information 20% of the time
  - Retirement payments for active members were processed within 5 working days of receiving necessary information 43% of the time

### Audit & Risk Personnel:

Lead Auditor: Sue Bressington

### Acknowledgements:

Sincere thanks to Kathryn Shore, Vicky Brasier and all service staff for their help and assistance provided throughout the Audit review.

**ACTION PLAN**

<b>MEDIUM RISK EXPOSURE</b>				
	<b>Weakness Found</b>	<b>Implication or Potential Risk</b>	<b>Recommendation(s)</b>	<b>Responsible Officer Management Comments Implementation Date</b>
<b>M1</b>	<p><u>Reporting of Pension Fund Performance Statistics</u></p> <p>The November 2016 Task Report that is reported to The Pension Committee records that overall performance for processing benefits and lump sums had only been completed within the prescribed timescales 35% of the time.</p> <p>More detailed analysis includes:</p> <ul style="list-style-type: none"> <li>• Retirement quotes for active members were processed within 5 working days of receiving necessary information 20% of the time</li> <li>• Retirement payments for active members were processed within 5 working days of receiving necessary information 43% of the time</li> </ul>	<p>Non-compliance with the Pension Fund's Service Level Agreement timescales.</p> <p>Members may be kept waiting to receive important information regarding their retirement funds longer than expected which may lead to complaints.</p>	<p>It is noted that the Pensions Committee expressed concerns at the last meeting (9th December) regarding the downward trend in achieving key performance indicators and targets, and suggested this could be due to staffing levels.</p> <p>The Member Services Manager and Pensions Manager should review and discuss the results of recent reports, and establish and record the reasons for the downward trend.</p> <p>It is also recommended that the statistics are presented in a comparative way such as; month in month or year on year, in order that trends (both upward and downward) can be easily identified and reviewed, and any issues addressed.</p>	

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<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>LOCAL PENSION BOARD - AVON PENSION FUND</b>	
MEETING DATE:	<b>16<sup>th</sup> February 2017</b>	<b>AGENDA ITEM NUMBER</b>
TITLE:	<b>Training, Work Plan &amp; Budget Update</b>	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
<p>List of attachments to this report:</p> <p>Appendix A – Outline Training Plan</p> <p>Appendix B – Outline Work Plan</p> <p>Appendix C – Outline Budget</p>		

## **1 THE ISSUE**

1.1 The purpose of this report is to receive updates on Training and Work Plan issues from the Board and present the current outlines of the Training & Work Plans. Board Members are asked to consider the plans attached at Appendices A and B and present their own feedback at the meeting. In addition the proposed budget for the Board will also be presented for comment.

## **2 RECOMMENDATION**

### **That the Board**

2.1 Notes the report and endorses the high level Training and Work Plans outlined in Appendices A and B and indicative budget at Appendix C.

## **3 FINANCIAL IMPLICATIONS**

3.1 There are direct implications related to the Pension Board in connection with this report, however these are all currently within the planned budget for the operation of the Board.

## **4 REPORT**

### **4.1 Training**

4.2 In developing a training plan Board Members should reflect on their own statutory requirements as set out in previous reports. In summary Board Members should have a breadth of knowledge and understanding that is

sufficient to allow them to understand fully any professional advice the Board is given. They should also be able to challenge any information or advice they are given and understand how that information or advice impacts on any decision relating to the Board's duty to assist the Avon Pension Fund.

4.3 As agreed at previous Board meetings individual board members should retain their own training log to evidence how they are fulfilling their responsibilities and update these on a quarterly basis to aid future training needs analysis. We remain hopeful that training will be aligned with that of the Pension Fund Committee Members over the coming 12 months.

4.4 A high level training plan at Appendix A has been developed based on the self-assessment completed by Board members which needs regular review and update to reflect ongoing individual needs and is attached for consideration.

#### 4.5 **Work Plan**

4.6 In developing a work plan the Board should reflect the need to maintain a balance between building the knowledge and understanding of Board Members along with delivery of the statutory obligations of the Board.

4.7 The views of the Board are vital in informing the nature, frequency and cyclical nature of items as well as the timing of certain time-critical issues for consideration such as Project Brunel.

4.8 An outline of the Work Plan is attached at Appendix B for consideration and will continue to be worked on and re-presented at each meeting as the year progresses using the comments and feedback of the Board, Officers and other stakeholders such as the Pension Fund Committee to inform its contents.

#### 4.9 **Budget**

4.10 Bath & North East Somerset Council acting as the administering authority for the Avon Pension Fund is required to comply with the Public Sector Pension Act (2013) along with the Local Government Pension Scheme (Amendment Governance) Regulations 2015.

4.11 In meeting these requirements Bath & North East Somerset approved terms of reference and necessary supporting arrangements at its meeting of its full Council on the 15<sup>th</sup> January 2015 and the Pension Board adopted these at its meeting in July 2015.

4.12 The LPB is now required to consider and comment on the budget attached at Appendix 1 to enable it to perform its duties as laid out in its terms of reference.

4.13 The budget is based on the first year of operation of the Board and may need some amendment as it moves forward in future years, however a four year position is being proposed. Key learning points are that officer support was much higher than anticipated in year 1 and additional allowance has been made for this to include any extra audit or external support costs in future years.

4.14 As with all elements of the public sector there is exceptional pressure to ensure value for money can be demonstrated and the Board should consider this in its deliberations and comments

## **5 RISK MANAGEMENT**

5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance and there are no significant or material risks to report.

## **6 EQUALITIES**

6.1 A proportionate equalities impact assessment has been undertaken and there are no significant issues to report.

## **7 CONSULTATION**

7.1 Report and Issues have been subject to consultation with the Strategic Director of Resources.

<b>Contact person</b>	Howard Pearce, Chair of Pension Board Jeff Wring, Head of Audit West, 01225 477323
<b>Please contact the report author if you need to access this report in an alternative format</b>	

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<b>HOW DOES THE BOARD RATE THEIR KNOWLEDGE ON THE FOLLOWING AREAS</b>	<b>Limited</b>	<b>Basic</b>	<b>Good</b>	<b>Skilled</b>	<b>Priority (H/M/L)</b>	<b>Members' Board Papers (Electronic)</b>	<b>Briefing Notes/ Short Seminars (At Board Meetings)</b>	<b>Internal Training Events (Internal &amp; External Specialists)</b>	<b>External Conferences &amp; Training Seminars (LGE Fundamentals etc)</b>	<b>tPR Best Practice Guidance &amp; Trustee Toolkit &amp; E-Learning</b>	<b>TARGET DATE</b>
<b>1. Pensions Legislation</b>			X		L	X	X		X	X	TBC 16/17
<b>2. Pensions Governance</b>			X		M	X	X		X	X	TBC 16/17
<b>3. Pensions Administration</b>			X		M	X	X		X	X	TBC 16/17
<b>4. Pensions Accounting &amp; Auditing Standards</b>		X			L	X	X		X	X	TBC 16/17
<b>5. Pensions Services Procurement &amp; Relationship Management</b>		X			L	X	X		X	X	TBC 16/17
<b>6. Investment Performance &amp; Risk Management</b>		X			M	X	X	X	X	X	TBC 16/17
<b>7. Financial Markets &amp; Products Knowledge</b>		X			M	X	X	X	X	X	TBC 16/17
<b>8. Actuarial Methods, Standards &amp; Practices</b>		X			M	X	X	X	X	X	TBC 16/17

**Self-Assessment Returns**

Howard Pearce	Yes
David Yorath	Yes
Steve Harman	Yes
Tom Renhard	Yes
Gaynor Fisher	Yes
Mark King	Yes
Tony Whitlock	Yes

**Board Members Specific Requests/Areas for Additional Training/Briefing Notes**

1	An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefit administration.
2	An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments.
3	An understanding of what AVC arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider’s investment and fund performance report and the payment schedule for such arrangements.
4	Knowledge of how discretionary powers operate.
5	An understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision-makers and organisations.
6	A general understanding of the main public procurement requirements of UK and EU legislation.
7	An understanding of how the pension fund monitors and manages the performance of their outsourced providers.
8	An awareness of the role and statutory responsibilities of the treasurer and monitoring officer.

9	An understanding of how the pension fund monitors and manages the performance of their outsourced providers.
10	An understanding of the implications of including new employers into the fund and of the cessation of existing employers.
11	An understanding of how the roles and powers of the DCLG, the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.
12	An understanding of how breaches in law are reported.
13	An understanding of best practice in pensions administration eg performance and cost measures.
14	An awareness of the Myners principles of performance management and the approach adopted by the administering authority.
15	An understanding of the limits placed by regulation on the investment activities of local government pension funds.

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**Draft Work Plan – Avon Pension Fund Local Pension Board**

**Appendix 2**

<b>AGENDA ITEM</b>	<b>30/07/15</b>	<b>05/11/15</b>	<b>18/02/16</b>	<b>19/05/16</b>	<b>27/07/16</b>	<b>02/11/16</b>	<b>16/02/17</b>	<b>11/05/17</b>	<b>27/07/17</b>
<b>Conflicts of Interest Declarations</b>		X	X	X	X	X	X	X	X
<b>Training Plan Update (Incl. Annual Plan)</b>		X	X	X	X	X	X	X	X
<b>Work Plan Update</b>		X	X	X	X	X	X	X	X
<b>Avon Pension Fund Committee &amp; Investment Panel Minutes</b>	X	X	X	X	X	X	X	X	X
<b>LGPS Developments &amp; Updates</b>		X	X	X	X	X	X	X	X
<b>Risk Register Update</b>		X	X	X	X	X	X	X	X
<b>Regulatory Breaches Policy</b>		X	X						
<b>Review of Pension Fund Annual Report</b>		X				By Email			
<b>Review of Administration Strategy</b>		X							
<b>Administration Performance Report</b>		X							
<b>Compliance Report</b>		X	X	X	X	X	X	X	X
<b>Internal Audit Plans &amp; Update</b>			X			X	X		
<b>External Audit Plans &amp; Update</b>			X	X				X	

**Draft Work Plan – Avon Pension Fund Local Pension Board**

**Appendix 2**

AGENDA ITEM	30/07/15	05/11/15	18/02/16	19/05/16	27/07/16	02/11/16	16/02/17	11/05/17	27/07/17
Benchmarking Update			X	X		X	X	X	
Avon Pension Fund Service Plan 16/17				X				X	
Pension Board Annual Report				X	X			X	X
Annual Review of Communications Strategy					X				X
Review of Statement of Investment Principles (Statutory Investment Strategy Statement)							X	X	
Review of Policy Framework								X	
Review of Valuation & Funding Strategy						X	X		
Review of Data Integrity & Action Plans								X	
Review of IT Security & Business Continuity									X
Review of Governance Compliance Statement								X	
Review of compliance with TPR COP 14									
Review of Fund Internal Controls & Delegations									

**Draft Work Plan – Avon Pension Fund Local Pension Board**

**Appendix 2**

<b>AGENDA ITEM</b>	<b>30/07/15</b>	<b>05/11/15</b>	<b>18/02/16</b>	<b>19/05/16</b>	<b>27/07/16</b>	<b>02/11/16</b>	<b>16/02/17</b>	<b>11/05/17</b>	<b>27/07/17</b>
<b>Review of External Advisors</b>									
<b>Review of Fraud Risk Strategy</b>									
<b>Review of Complaints/IDRP Procedures</b>									
<b>Review of outcome of GMP reconciliation</b>									
<b>Appointment of Chair &amp; Board Members</b>	X								
<b>Pension Board Terms of Reference</b>	X								
<b>Role of Pensions Board</b>	X								
<b>Pension Board Code of Conduct &amp; Conflicts of Interest Policy</b>	X								
<b>Pension Board Training Requirements</b>	X								
<b>Pension Board Work Plan Requirements</b>	X								

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### **Appendix 3 - Draft Budget – Local Pension Board (Avon Pension Fund)**

<b>Budget Area</b>	<b>2016/17 Budget (£)</b>	<b>2016/17 Forecast Outturn (£)</b>	<b>2017/18 Budget (£)</b>
Chairman's Allowance (& Members Expenses)	12,000	8,000	8,000
Member Training	3,000	1,500	3,000
Democratic Support (Meetings)	8,000	9,000	9,000
Internal & External Support	17,000	15,000	15,000
Communications	600	600	1,000
<b>Total</b>	<b>40,600</b>	<b>34,100</b>	<b>35,500</b>

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