

Pension Board

Date: Thursday, 27th July, 2017

Time: 2.00 pm

Venue: Kaposvar Room - Guildhall, Bath

Board Members: Howard Pearce, Gaynor Fisher, Steve Harman, Mark King, Tom Renhard, David Yorath and Tony Whitlock

Chief Executive and other appropriate officers
Press and public



Sean O'Neill

Democratic Services

Lewis House, Manvers Street, Bath, BA1 1JG

Telephone: 01225 395090

Web-site - <http://www.bathnes.gov.uk>

E-mail: Democratic_Services@bathnes.gov.uk

NOTES:

1. **Inspection of Papers:** Papers are available for inspection as follows:

Council's website: <https://democracy.bathnes.gov.uk/ieDocHome.aspx?bcr=1>

Paper copies are available for inspection at the **Public Access points:-** Reception: Civic Centre - Keynsham, Guildhall - Bath, The Hollies - Midsomer Norton. Bath Central and Midsomer Norton public libraries.

2. **Details of decisions taken at this meeting** can be found in the minutes which will be circulated with the agenda for the next meeting. In the meantime, details can be obtained by contacting as above.

3. **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.

The Council will broadcast the images and sound live via the internet www.bathnes.gov.uk/webcast An archived recording of the proceedings will also be available for viewing after the meeting. The Council may also use the images/sound recordings on its social media site or share with other organisations, such as broadcasters.

4. **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. They may also ask a question to which a written answer will be given. **Advance notice is required not less than two full working days before the meeting. This means that for meetings held on Thursdays notice must be received in Democratic Services by 5.00pm the previous Monday.** Further details of the scheme:

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=12942>

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

6. **Supplementary information for meetings**

Additional information and Protocols and procedures relating to meetings

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13505>

Pension Board - Thursday, 27th July, 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 23RD MAY 2017 (Pages 5 - 12)

8. CHAIRMAN'S INTRODUCTION

9. AVON PENSION FUND COMMITTEE MINUTES (Pages 13 - 14)

The public minutes of the meeting of the Avon Pension Fund Committee of 24th June 2017 can be viewed at:

<https://democracy.bathnes.gov.uk/ieListDocuments.aspx?CId=212&MId=4255&Ver=4>

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

10. AVON PENSION FUND COMMITTEE INVESTMENT PANEL MINUTES

The minutes of the meeting of the Avon Pension Fund Committee Investment Panel of 24th May 2017 can be viewed at:

<https://democracy.bathnes.gov.uk/ieListDocuments.aspx?CId=213&MId=4761&Ver=4>

11. LGPS UPDATES AND DEVELOPMENTS (Pages 15 - 22)

12. PROJECT BRUNEL - VERBAL UPDATE
13. TRANSPARENCY CODE - VERBAL UPDATE
14. COMPLIANCE REPORT (Pages 23 - 42)
15. SAB LOCAL PENSION BOARD SURVEY (Pages 43 - 48)
16. RISK MANAGEMENT UPDATE (Pages 49 - 56)
17. GDPR UPDATE (DATA PROTECTION) - VERBAL UPDATE
18. ANNUAL REPORT (Pages 57 - 72)
19. TRAINING AND WORK PLANS (Pages 73 - 80)
20. CHAIRMAN'S REVIEW OF MEETING - VERBAL
21. FORWARD LOOK
22. DATE OF NEXT MEETING

The next meeting of the Board is scheduled for 7 November 2017 at 2pm in the Guildhall, Bath.

Dates and venues of subsequent meetings can be viewed on the Council's website at:
<https://democracy.bathnes.gov.uk/ieListMeetings.aspx?CId=563&Year=0>

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

BATH AND NORTH EAST SOMERSET

PENSION BOARD

Tuesday, 23rd May, 2017

Present:- Howard Pearce (Chair), Gaynor Fisher (Employer Representative), Steve Harman (Employer Representative), David Yorath (Member Representative) and Tony Whitlock (Employer Representative)

Also in attendance: Andrew Pate (Strategic Director, Resources), Tony Bartlett (Head of Business, Finance and Pensions) and Jeff Wring (Head of Audit West)

1 EMERGENCY EVACUATION PROCEDURE

The Democratic Services Officer read out the emergency evacuation procedure.

2 APOLOGIES FOR ABSENCE

Apologies for absence were received from Mark King (Member Representative) and Tom Renhard (Member Representative).

3 DECLARATIONS OF INTEREST

There were no declarations of interest.

4 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was no urgent business agreed by the Chair.

5 ITEMS FROM THE PUBLIC

There were no items from the public.

6 ITEMS FROM MEMBERS

There were no items from members.

7 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 16 February 2017 were confirmed as a correct record and signed by the Chair.

8 CHAIR'S INTRODUCTION AND UPDATE

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 and to ensure the fund's efficiency and effectiveness.

He also informed members of the Board that the National Scheme Advisory Board had published an Annual Report for the scheme and a Code of Transparency, both

of which were available on its website. There was also an update regarding academies and discussions around this issue are ongoing.

A national LGPS Scheme Advisory Board questionnaire has been designed to review Local Pension Boards but this has not yet been circulated.

The CIPFA Local Pension Board Annual Conference will be taking place on 28 June 2017 and the Chair will be attending.

9 DRAFT MINUTES OF THE AVON PENSION FUND COMMITTEE OF 24 MARCH 2017

RESOLVED: To note the draft minutes of the Avon Pension Fund Committee meeting held on 24 March 2017.

10 DRAFT MINUTES OF THE PENSION INVESTMENT PANEL OF 22 FEBRUARY 2017

RESOLVED: To note the draft minutes of the Pension Fund Investment Panel meeting held on 22 February 2017.

11 LGPS UPDATES AND DEVELOPMENTS

The Board considered a report which summarised key developments within the Local Government Pension Fund sector, the most significant of these being the proposal for pooling of investments. The following issues were discussed:

- A response had been sent regarding the Guaranteed Minimum Pension proposals. A decision on this issue is expected next year. It is expected that liability will be passed onto the LGPS.
- There was no new information regarding the exit cap.
- The Markets in Financial Instruments Directive II (MiFID II) had raised concerns for the LGPS but it was expected that the Government might make an exemption for the scheme.
- The academies review was underway with the aim of equalising the system. Currently academy funds are guaranteed for seven years. Government guidance would be helpful to resolve this issue.
- The new national LGPS Technical Committee and Sub-Committee had been announced and Alan South (Technical Advisor) had been co-opted onto these bodies.

RESOLVED: To note the report and latest developments in the light of the Pension Board work plan.

12 PROJECT BRUNEL - VERBAL UPDATE

The Head of Business, Finance and Pensions updated the Board regarding Project Brunel. The following issues were covered in the update:

- All LGPS funds in the Brunel Pensions Partnership have now considered their business cases and signed these off.
- The project has now separated into the company and client sides.
- A Chair and an interim Managing Director has now been appointed. Other appointments have also been made to the company side.
- There is now a focus on the legal documentation which will be reviewed by both chief legal and chief finance officers of the sponsoring bodies and then signed off. The company will then be brought into existence in July and officers can formally be appointed to its structure. These roles will be filled over the coming months.
- Appointments to the Brunel company posts will then be made, although there will not be automatic TUPE transfers.
- Over the next 2 years assets will be transferred from the Avon Pension Fund and there will be some twin-tracking of activities at first. HR are currently working on an 18 month transition process.
- A favoured site for the Brunel company premises has been identified in Bristol and systems and support arrangements are currently being considered.
- There has been some delay in appointing non-executive directors due to the need to ensure the correct balance of people and skills.
- Good progress has been made but there is still a lot of company set up and fund transition change management work to be carried out.

Members then asked questions regarding the project as follows:

Q. Are any changes expected to the project following the general election?

A. No changes are expected.

Q. Is remuneration a matter for the shareholders?

A. The Brunel shareholders are the 10 pension funds. The company will require shareholder approval for some actions and decision making will require a 75% majority of shareholders. The Oversight Board will first review issues and then make recommendations to the shareholders as necessary.

Q. Where do the Committees and Local Pension Boards fit into the overall structure?

A. An organisational structure chart will be brought to the next Board meeting.

Q. What will the mechanism be for tracking cost savings?

- A. Investment officers are currently looking at this. There are new standards of reporting and disclosure. The Oversight Boards will have some responsibility for tracking costs and savings as will the national Scheme Advisory Board and DCLG. The Board requested further details on how the future external auditing of the fund would take place after pooling commences in 2018.
- Q. What arrangements will be in place to provide assurances to funds that portfolios are within agreed investment strategies regarding low carbon target commitments and remain compliant?
- A. Funds are signed up to common investing principles and Avon Pension Fund staff will look at this.
- Q. How will reporting take place?
- A. The company will report to the Oversight Board and investment and strategy information will still be reported to the Pension Board. There will be 10 investment strategies delivering to 10 pension funds, although there is a good deal of commonality between them.

RESOLVED: To note the update regarding Project Brunel and that a future Board meeting will receive a briefing on the proposed future governance framework of the Avon Pension Fund and Brunel Pensions Partnership.

13 EXTERNAL AUDIT UPDATE

The Board considered a report which set out the Pension Fund External Audit Plan which was prepared by the external auditors Grant Thornton.

The Plan was presented and approved at the Pension Fund and Corporate Audit Committees and was circulated to the Pension Board as part of their role in scrutinising the role of the External Auditor with regard to key governance requirements relating to the Pension Fund.

The report outlined the following matters:

- Key developments – including key risks, accounting arrangements and changes to disclosure requirements.
- Materiality
- Significant and other risks
- Results of interim audit work – There was now a separation between the Council and the pension fund journal.
- The audit cycle – accounts will in future have to be completed and audited by the end of July. This may mean that more estimates will have to be made.
- Audit fees
- Independence and non-audit services
- Communication of audit matters with those charged with governance

The Board noted the good relationship between internal and external audit.

RESOLVED: To note the Audit Plan for the financial year ended 31 March 2017.

14 INVESTMENT STRATEGY STATEMENT

The Board considered a report which gave an update regarding the Investment Strategy Statement (ISS). It was noted that the revised investment regulations, the Local Government Pension Scheme (Investment and Management of Funds) Regulations 2016, required all administering authorities to put in place an Investment Strategy Statement by 1 April 2017.

The report set out responses to comments made by the Pension Board members along with a checklist which confirmed that the ISS was fully compliant.

The ISS will be revised following the Strategic Review to be undertaken in 2017 and then reviewed regularly during the transition of assets to Brunel Pensions Partnership and at least annually by the Pension Committee.

Officers explained that the Investment Managers were appointed to vote in the best interests of the pension fund on a package of measures.

A member pointed out that the papers for this consultation were sent out asking for comments at very short notice for a document that required very careful consideration. It was noted that this was a live document and that members would have another chance to comment further on future revisions of the ISS.

Officers also confirmed that they would ensure compliance with regulations and changes to the political and investment risk landscape, including those relating to climate change.

RESOLVED:

- (1) To note the Investment Strategy Statement.
- (2) To welcome the positive response of the Pension Committee to comments from the Pension Board regarding the Investment Strategy Statement, and the plans for future updates.
- (3) To note the assessment of current compliance of the Investment Strategy Statement with the regulations.

15 AVON PENSION FUND SERVICE PLAN

The Board considered a report which presented the three year Service Plan and Budget for the Pension Fund for the period 1 April 2017 to 31 March 2020.

In response to a question regarding roles and responsibilities of the Pension Committee and the Pension Board officers explained that these roles are governed by regulations. The Pension Committee is the formal decision-making body and is responsible for ensuring adequate risk management processes are in place. The Pension Board is responsible for scrutinising these decisions.

Officers also explained that centrally reallocated overheads had increased this year due to the centralisation of the financial systems team.

RESOLVED: To note the three year Service Plan and Budget for 2017-20 for the Avon Pension Fund.

16 COMPLIANCE REPORT

The Board considered a report setting out performance figures for Fund Administration for the three months to 31 March 2017. The report also included progress on the TPR Data Improvement Plan and levels of employer compliance.

The following issues were discussed:

- The admin team is now almost fully staffed which should lead to an improvement in performance once staff are fully trained and up to speed.
- The number of open cases has reduced and this should improve further once resources are fully utilised and new ways of working are implemented.
- The Board expressed concern at the number of errors in the March leaver forms. Officers confirmed that the data received was not of sufficient quality. They are looking at ways to simplify information required from employers, to regularly update electronic data, to make better use of technology and to reduce duplication. Processes are currently being reviewed and streamlined.
- 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. The 2 employers who did not attend training were schools in an Academy Trust who had been fined. There had been problems engaging with these schools but progress was being made.
- It was noted that churn was an issue as a large number of staff were moving to different employers. Officers are looking at ways to address this issue to avoid duplication of work.
- Members queried whether the targets were set at the correct level. Officers explained that budget pressures have been an issue but that performance should improve after the transition phase with new staff in place.
- Officers agreed to speak to neighbouring pension fund administrators regarding an approach for reporting year end breaches.
- Over the next six months Employer Forums will be held for each of the different sectors.
- Members recommended that the 84% of employer organisations who did not attend the 2017 Employers' Conference be asked the reason for non-attendance.

- The Chairman expressed concern at the outstanding numbers of incomplete address details and recommended that this issue be addressed before the issue of the annual benefit statements. Officers confirmed that they targeted those who were approaching retirement date along with active members, but that ultimately it was the responsibility of members to update their details electronically.

RESOLVED:

- (1) To note the membership data, employer performance and Avon Pension Fund performance for the three months to 31 March 2017.
- (2) To note the progress and reviews of the TPR Data Improvement Plan.
- (3) That the compliance report and improvement plan be afforded greater scrutiny at future meetings.

17 RISK MANAGEMENT UPDATE - RISK REGISTER

The Board considered a report which set out the current position of the Avon Pension Fund Risk Register and its top ten risks. It was noted that this is a live document and will be reviewed by the Board on a quarterly basis.

There were three main areas of risk:

- Employer base
- Project Brunel
- Political pressure for scheme change

Members of the Board queried whether the staffing levels and employer risks were set at a high enough risk level given the previous and this meeting's compliance reports to the Board evidencing some on-going member data problems. Officers stated that they would reflect on these issues when reviewing the risk register.

RESOLVED: To note the report and the Board recommendation regarding the risk register.

18 ANNUAL REPORT

The Board considered a report which presented the process and outline of the annual report of the Board's activities for 2016/17 as required under its Terms of Reference for approval. It was noted that the annual report needed to be finalised before the next meeting.

Members made the following comments:

- Thought should be given as to the target audience.
- Consideration should be given to improving its presentation.
- The ISS and Project Brunel should be mentioned.

- Key contributions of the Pension Board should be outlined.

RESOLVED: To delegate authority to the Chairman of the Pension Board to finalise the details of the report to enable key messages to feed into the annual report of the Avon Pension Fund and the final document will be considered at the Board's next meeting.

19 TRAINING WORK PLAN AND BUDGET UPDATE

The Board considered a report which set out an update on training and work plan issues and presented the current outlines of the training and work plans.

It was noted that all Pension Board members have now been trained and passed the Pension Regulator public service pension scheme certificate of competence, and it was agreed that some adjustments be made to the Board work plan.

RESOLVED:

- (1) To note the report and to endorse the high level Training and Work Plans outlined in Appendices 1 and 2 (subject to some adjustments that were agreed to the timing of some future items).
- (2) To hold a workshop regarding the compliance report at 12 noon immediately prior to the next meeting.

20 CHAIR'S REVIEW OF MEETING

The Chair thanked everyone for attending and noted that the Board had covered a large number of issues at this meeting.

21 DATES OF FUTURE MEETINGS

Meetings of the Pension Board will take place on the following dates:

Thursday 27 July 2017 – Workshop at 12 noon followed by meeting at 2pm – Kaposvar Room, Guildhall
 Tuesday 7 November 2017 – 2pm – Aix-en-Provence Room, Guildhall
 Thursday 15 February 2018 – 2pm – Kaposvar Room, Guildhall
 Thursday 24 May 2018 – 2pm – Kaposvar Room, Guildhall
 Thursday 19 July 2018 – 2pm – Kaposvar Room, Guildhall

The meeting ended at 4.30 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

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

Agenda Item 9

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Bath & North East Somerset Council	
MEETING:	LOCAL PENSION BOARD
MEETING DATE:	27th July 2017
TITLE:	LGPS Update – Latest Developments
WARD:	ALL
AN OPEN PUBLIC ITEM	
List of attachments to this report:- 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 The Board has been regularly 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 separately on the latest position with regard to these significant changes and this report and appendix 1 refers to all other key developments and consultations.

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.

Contact person	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
Background papers	Various Statistical Records
Please contact the report author if you need to access this report in an alternative format	

Update of Matters circulating that are likely to affect Scheme Administration

JULY 2017

Organisation	Subject	Link	Comments
HM Treasury	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	Published on 28 November 2016, and a response sent from APF; this consultation gave three options for increasing Guaranteed Minimum Pensions (GMP) within the public sector for those reaching State Pension age from 6 December 2018. Whilst a preferred option was given, the response also gave support to a fourth option suggested by the Fund Actuary which proposed that central government should adopt some of the cost instead of passing this to the pension schemes involved. A response is not scheduled until next year.
No further progress due to Election	Reforms to public sector exit payments: response to the consultation No further progress and introduction will be put back as a result of General Election	https://www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments http://www.legislation.gov.uk/ukxi/2017/70/pdfs/ukxi_20170070_en.pdf	Introduction of new regulations for exit payments appear to have been further delayed. <ol style="list-style-type: none"> 1. recovery of exit payments for high earners who are re-employed actual regulations expected any time 2. the £95k cap for exit. Employment Enterprise Regulations have commencement regulations effective from 1 February 2017 short consultation possible awaiting further information 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).
	Actual valuation and Cost cap mechanism	http://www.lgpsboard.org/images/Guidance/pspav.pdf	The review the cost cap mechanism that was implemented as part of the national reforms of Public Sector Pensions.
DCLG No further progress due to election	LGPS Regulations: Best Value & Fair Deal consultation and operational scheme amendments	https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations	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

			The other amendments will be processed earlier but the Freedom and Choice section will probably require a short consultation and will therefore also be split into a separate amendment
	Guidance on Preparing and Maintaining an Investment Strategy Statement' (ISS)	https://www.gov.uk/government/publications/local-government-pension-scheme-guidance-on-preparing-and-maintaining-an-investment-strategy-statement	<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 how they implement the seven principles and guidance of the Code on a "comply or explain" basis.</p>
	Response to Investment Regulations consultations	https://www.gov.uk/government/consultations/revoking-and-replacing-the-local-government-pension-scheme	Outlines the Government response to the investment regulations consultation.
The Pension Regulator (TPR)	Publishing Scheme Information	http://www.thepensionsregulator.gov.uk/public-service-schemes/publishing-scheme-information.aspx	TPR emailed around its public sector contacts, calling on public service schemes to check information about their pension board is published to avoid failing their governance duties. Under legislation, scheme managers are required to publish and keep up-to-date information about the board's members, its representation, and what matters it is responsible for. They should also publish details such as the board's

			terms of reference and appointment process. This rule is designed to help members easily identify which individuals are involved in their scheme's governance.
	Annual survey of public sector schemes	http://www.thepensionsregulator.gov.uk/docs/public-service-research-summary-2017.pdf	<p>To help the Regulator focus its efforts it issued a survey to all public service pension schemes in the autumn of 2016, to assess how they were being run. This built on a previous survey in the summer of 2015.</p> <p>The findings from this survey were published in May 2017.</p> <p>The top risks identified across all public sector schemes were governance, internal controls, record keeping and member contributions.</p>
Government Actuaries Department (GAD)	<p>Section 13 Dry Run Report</p> <p>Section 13 Report appendices showing APF results</p>	<p>http://www.lgpsboard.org/images/Reports/Section13DryRun20160711.pdf</p> <p>http://www.lgpsboard.org/images/Reports/Section13DryRunAppendices20160711.pdf</p>	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.
Financial Conduct Authority (FCA)	CP16/29: Markets in Financial Instruments Directive II implementation – Consultation Paper III	https://www.fca.org.uk/publications/consultation-papers/cp16-29-mifid-ii-implementation	<p>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:</p> <p>https://www.brunelpensionpartnership.org/en/news/2017/01/bpp-response-to-mifid-ii-consultation</p>
Scheme Advisory Board(SAB)	Academies' review	<p>http://www.lgpsboard.org/index.php/structure-reform/review-of-academies</p> <p>Above link has been updated to</p>	<p>Ministers agreed that DfE, DCLG, GAD and the Board should continue to work closely together to pursue solutions, engaging key stakeholders including pension funds, actuarial firms and academy trusts as appropriate.</p> <p>The next stage will be to gather relevant evidence and develop specific</p>

	Academies and the LGPS	<p>report these developments</p> <p>http://lgpslibrary.org/assets/othergov/201704Academies.pdf</p>	<p>proposals for change that the Board will consider before submitting its recommendations to Ministers for their consideration.</p> <p>A series of information pages on the Local Government Pension Scheme (LGPS) as it affects academies in England. Was released by DCLG and DFE. In April, 2017</p>
	Investment fees - Code of Transparency	http://www.lgpsboard.org/index.php/structure-reform/cost-transparency	<p>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 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>
Update	Committees – membership & remit	http://www.lgpsboard.org/index.php/sub-comms/membership-remit	Scheme Advisory Board agreed for Working Party to carry out review on ill health retirements in accordance with the initial proposals put forward.
New	Annual report	http://www.lgpsboard.org/index.php/schemedata/scheme-annual-report	Issued in May 2017, setting out a single source of information about the status of the LGPS for its members, employers, and other stakeholders.
New	LPB Survey	http://www.lgpsboard.org/survey.php	<p>This was launched in May, with a closing date of the end of July 2017. The aim is to assess the effectiveness and compliance of local pension boards. SAB expect it to be completed by Chairs of pension and investment committees, chairs of local pensions boards and officers or other stakeholders.</p> <p>The findings will be reported to SAB in October 2017, although it is unclear whether recommendations will then be made to Ministers.</p>

	Tier 3 employers	http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid	<p>Covers those Fund employers with no tax raising powers or guarantee. SAB is keen to identify the risk to LGPS Funds of default by such employers.</p> <p>There are currently two concurrent phases of work involved – collating data and identification of issues.</p> <p>SAB will then assess the risks to Funds and consider next steps</p>
	Lack of Progress on Amendment regulations		<p>APF have proposed that SWAPOG write to the Chair of Scheme Advisory Board to see if some pressure could be put on DCLG to get some of the amendment regulations issued as quickly as possible. The key area is aggregation of service on members changing employers where cases are being stockpiled for a year. The problem was identified within the first year of the 2014 scheme commencing but administering authorities are still awaiting the change over two years further on. Also for future such occurrences find out whether, where any amendments are simply to correct anomalies in the regulations is, there any way we can revert back to the previous practice of DCLG issuing a circular giving authority to act pending the regulations being issued.</p>
CIPFA	Investment pooling guidance	http://www.cipfa.org/policy-and-guidance/publications/i/investment-pooling-governance-principles-for-lgps-administering-authorities-online	Guidance for Funds to consider when setting up pooling of investments.
	Funding Strategy Statement Guidance	http://www.cipfa.org/policy-and-guidance/publications/p/preparing-and-maintaining-a-funding-strategy-statement-in-the-lgps-2016-edition	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.
Information Commissioners Office	General Data Protection Regulations (GDPR)	https://ico.org.uk/for-organisations/data-protection-reform/overview-of-the-gdpr/	<p>Comes into effect in May 2018 and replaces the Data Protection Act 1998. Introduces new obligations on data controllers. The Fund is both a data controller and a data processor and needs to ensure that it has appropriate processes in place in order to comply with the changes being introduced.</p>

			<p>We will need to ensure we have controls in place to ensure security of member data, ensure anyone will access to scheme and member information is suitably vetted and trained, and have measures in place to avoid security breaches and loss of data. Significant fines can be levied where any failure occurs. Significant amount of work required to ensure compliance. Need to set up project with the Bath and North East Somerset Information Compliance Team. . Liaise with other LGPS administering authorities to ensure we are compliant with any new requirements</p>
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Bath & North East Somerset Council	
MEETING:	LOCAL PENSION BOARD
MEETING DATE:	27 July 2017
TITLE:	PENSION FUND ADMINISTRATION – COMPLIANCE REPORT (1) SUMMARY PERFORMANCE REPORT TO 30 JUNE 2017 (2) PERFORMANCE INDICATORS TO 30 JUNE 2017 (3) TPR COMPLIANCE
WARD:	ALL
AN OPEN PUBLIC ITEM	
<p>List of attachments to this report:</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 Schedule to 31st May 2017</p> <p>Appendix 6 - Retirement customer service questionnaire results</p> <p>Appendix 7 – Administration Workplan to December 2017</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 30 June 2017.
- 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 30 June 2017
- 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 31st May 2017. 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 April to 30 June a total of 1573 leaver forms were received with an average error rate of 27.53%.
- 6.3** A new simpler leaver form has been introduced from 1 July and it is hoped that better accuracy figures for employers will be reported by the end of the year. A revised training programme for employers will be rolled out shortly. A workshop will take place at each of the planned employer forums including instruction on completing the form and inviting further feedback from employers on training and support requirements.
- 6.4** Excluding notification of member retirements and death in service; a new process will be followed when leaver forms are received. An acknowledgement letter will be issued to the member confirming entitlement to a benefit. An option form will be issued asking members to confirm if they have re-joined the LGPS with another employer or left completely and want details of their deferred benefits or refund of contributions. The aim is stop duplication of work ie deferring a record and then linking it to a new starter for members who re-join. This process is in response to the movement of employees between employers eg Academies.
- 6.5** All employers transferring monthly data will only have to supply leaver forms for retirements. Most of the data needed to defer, refund or link is already sent monthly and final pay calculations will be requested via a spreadsheet.

7 AVON PENSION FUND ADMINISTRATION PERFORMANCE

7.1 Key Performance Indicators for the 3 months to 30th June 2017.

- 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; Annex 1 to 4.
- 7.4** 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. Whilst the majority of completed tasks remain outside of the SLA a significant improvement has been made towards compliance with cases being completed within 5 days of target. In particular this includes all priority cases.

7.5 Admin Case Workload Annex 5 & 6

- 7.6** The level of work outstanding from tasks set up in the 3 month period is reported in Appendix 2 Annex 5 & 6 by showing what percentage of the work is outstanding. As a snapshot, at 30th June 2017 there were 6,583 cases outstanding (a reduction of 1,145 cases from previous report) of which 58.79% represents actual workable cases and 41.21% represents cases that are part complete, pending a third party response. Arrangements have been put in place to target specific work types and the introduction of a daily 'power hour' is also impacting on outstanding case workload.

8 YEAR END / BREACHES

8.1 Year End 2016 / 17

- (1) All year end data has been received and loaded, although some queries still remain outstanding with employers. A report is currently being compiled of any employers in breach of the year end requirements and this will be provided at the next meeting as well as details of repeat offenders.

9 CUSTOMER FEEDBACK – RETIREMENT QUESTIONNAIRE

- 9.1** Appendix 6 highlights the 28 responses to the online survey for retirees. In summary, 68% of respondents indicated that they were very satisfied (57%) or fairly satisfied (17%) with service they received from the Avon Pension Fund.

10 TPR DATA IMPROVEMENT PLAN

- 10.1** A summary of the Data Improvement Plan as at 30 June 2017 is shown below with a comprehensive breakdown attached in Appendix 4.

Data type	Cases brought forward	New cases	Completed	Outstanding	Completeness as % of membership
Actives	909	477	250	1,136	99.739%
Defferreds	4,680	33	28	4,685	98.874%
Pensioners	79	2	3	78	99.960%
Dependants	29	1	2	28	99.909%
Total	5,697	513	283	5,927	99.62%

11 EMPLOYER FORUMS

11.1 A series of Employer Forums have been arranged over the rest of the year:

21 July – Unitaries and Admitted Bodies

29 September – Academies

18 October – Town & Parish Councils

15 November – Higher Education (Universities & Colleges)

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.

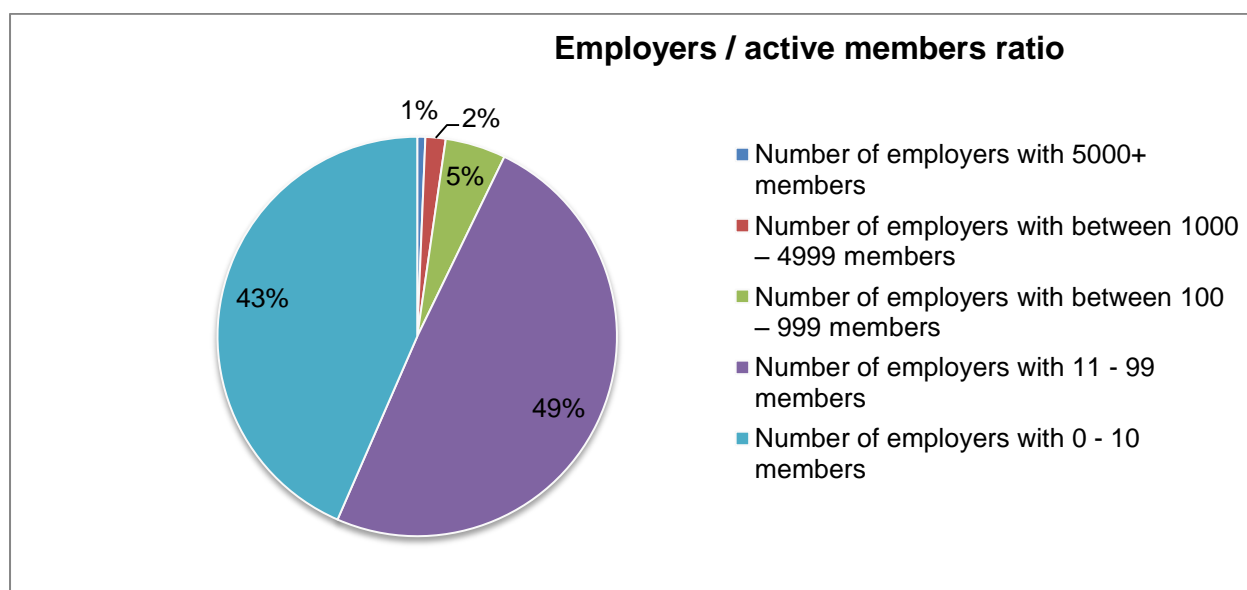
Contact person	Geoff Cleak, Pensions Manager Tel: 01225 395277
Background papers	Various statistical documents
Please contact the report author if you need to access this report in an alternative format	

Annex 1 - **Active membership**

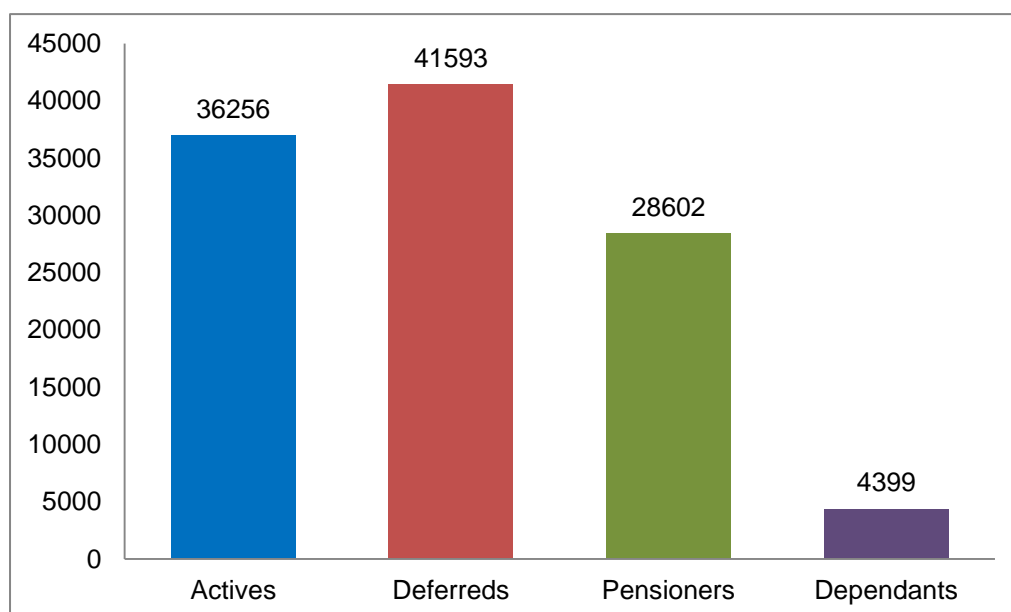
Total Active Members	29,374
Total Active Records	36,256
Total Active Members with more than 1 active record	3,127

Annex 2 - **Employers / active member ratio**








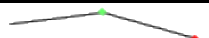


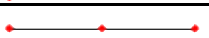


Employers / active members ratio	
Number of employers with 5000+ members	2
Number of employers with between 1000 – 4999 members	5
Number of employers with between 100 – 999 members	15
Number of employers with 11 - 99 members	159
Number of employers with 0 - 10 members	133
Total	306



Annex 3 – **Total number of member records by type – as at 30 June 2017**



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SLA Standards for Processing Admin Tasks						
Work Type	Target Processing SLA	Q3 Jul 16 - Sept 16	Q4 Oct 16 - Dec 16	Q1 Jan 17 - Mar 17	Q2 Apr 17 - Jun 17	Trend
Retirement (from Active)	Quote - 5 days	n/a	21.47%	56.21%	62.41%	
	Payment - 5 days	n/a	38.89%	53.65%	64.08%	
Retirement (from Deferred)	Quote - 30 days	n/a	27.50%	38.81%	46.81%	
	Payment - 5 days	n/a	60.00%	70.70%	71.51%	
Deaths	Notification - 5 days	n/a	82.76%	81.90%	100.00%	
	Payment - 5 days	n/a	23.64%	19.13%	59.09%	
Refund of contributions	Quote - 5 days	n/a	14.29%	62.45%	86.46%	
	Payment - 10 days	n/a	68.84%	78.59%	56.43%	
Deferreds (early leavers)	Notification - 20 days	n/a	5.85%	5.92%	27.71%	
Transfers In	Quote - 10 days	n/a	15.15%	17.57%	43.24%	
	Payment - 10 days	n/a	0.00%	0.00%	0.00%	
Transfers Out	Quote - 10 days	n/a	5.29%	11.11%	12.22%	
	Payment - 10 days	n/a	47.06%	32.26%	66.67%	
Estimates	Quote - 10 days	n/a	n/a	n/a	n/a	

RAG key	
Red	Less than 75%
Amber	75 - 89%
Green	90 - 100%

		Tasks Last Quarter				
		Total Processed	Total Processed in Target	Percentage Processed within Target	Total Processed within 5 days of Target	Percentage Processed within 5 days of Target
Retirement (from Active)	Quote - 5 days	266	166	62.41%	54	82.71%
	Payment - 5 days	206	132	64.08%	44	85.44%
Retirement (from Deferred)	Quote - 30 days	47	22	46.81%	25	100.00%
	Payment - 5 days	179	128	71.51%	26	86.03%
Deaths	Notification - 5 days	90	90	100.00%	0	100.00%
	Payment - 5 days	66	39	59.09%	22	92.42%
Refund of contributions	Quote - 5 days	539	333	86.46%	133	86.46%
	Payment - 10 days	342	193	56.43%	59	73.68%
Deferreds (early leavers)	20 days	1097	304	27.71%	39	31.27%
Transfers In	Quote - 10 days	74	32	43.24%	29	82.43%
	Payment - 10 days	5	1	0.00%	0	20.00%
Transfers Out	Quote - 10 days	180	22	12.22%	11	18.33%
	Payment - 10 days	12	8	66.67%	1	75.00%
Estimates	10 days	n/a	n/a	n/a	n/a	n/a
		3103	1470	47.37%	443	61.65%

RAG key	
Red	Less than 75%
Amber	75 - 89%
Green	90 - 100%

		Tasks Last Quarter							
		Average Days to Process	Actual Days to Process						
			0 - 5	6 - 10	11 - 15	16 - 20	21 - 25	26 - 30	31+
Retirement (from Active)	Quote - 5 days	7	166	54	17	7	6	3	13
	Payment - 5 days	4	132	44	16	5	1	2	6
Retirement (from Deferred)	Quote - 30 days	36	12	5	3	2	0	0	25
	Payment - 5 days	1	128	26	11	7	1	2	4
Deaths	Notification - 5 days	2	90	0	0	0	0	0	0
	Payment - 5 days	6	39	22	4	1	0	0	0
Refund of contributions	Quote - 5 days	8	333	133	28	8	4	6	27
	Payment - 10 days	10	114	79	59	74	10	5	1
Deferreds (early leavers)	20 days	47	64	90	42	108	39	39	715
Transfers In	Quote - 10 days	19	15	17	29	3	0	1	9
	Payment - 10 days	19	1	0	0	1	1	0	2
Transfers Out	Quote - 10 days	35	12	10	11	9	14	26	98
	Payment - 10 days	8	6	2	1	3	0	0	0
Estimates	10 days	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

RAG key	Processed
Red	More than 5 days over target
Amber	Within 5 days of target
Green	Within target

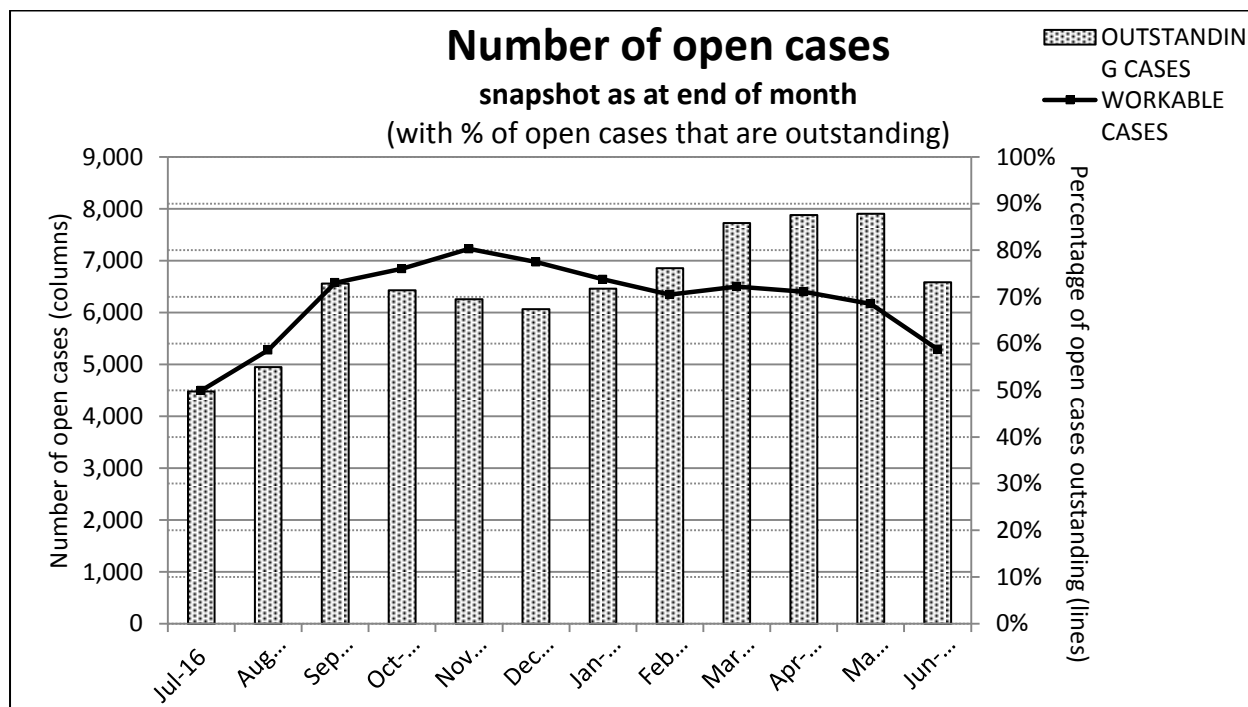
Annex 3

Statutory requirements	Timescale/deadline	3 months to 30/06/17	Notes
Year End data from employer	by 30 June	100% data received	
Issue ABS	by 31 August	0	N/A this period
Notify scheme changes	within 3 months	0	N/A this period
Issue Active member newsletter	2 issues per year	0	N/A this period
Issue Pensioner member newsletter	1 issue per year	1	Issued April 2017 with P60s

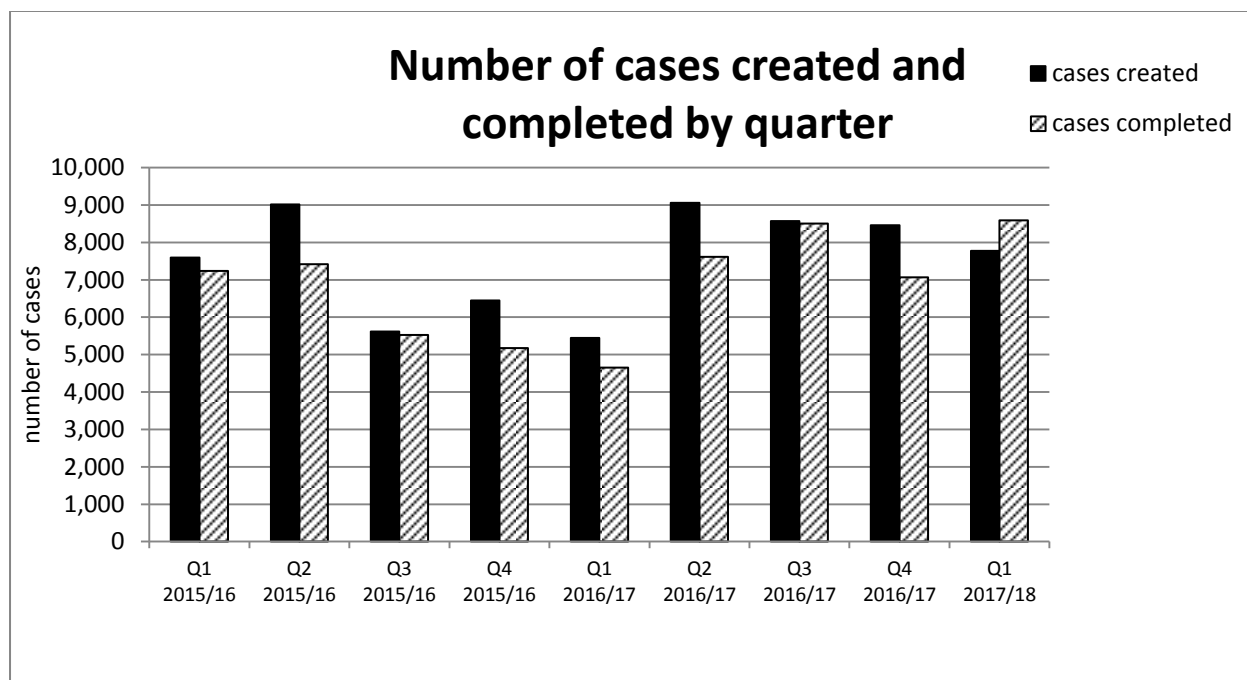
Annex 4

Other performance standards	3 months to 30/06/17	2016/17 target	Notes
Retirements survey - satisfaction %	68%	65%	
% of employers signed up to submit data electronically (ESS/iConnect)	64.9%	70%	
% of active membership covered by ESS/iConnect	97.6%	90%	
% of all members with electronic access (MSS)	15.8%	No target	
% of active members with electronic access (MSS)	20.3%	No target	

Annex 5

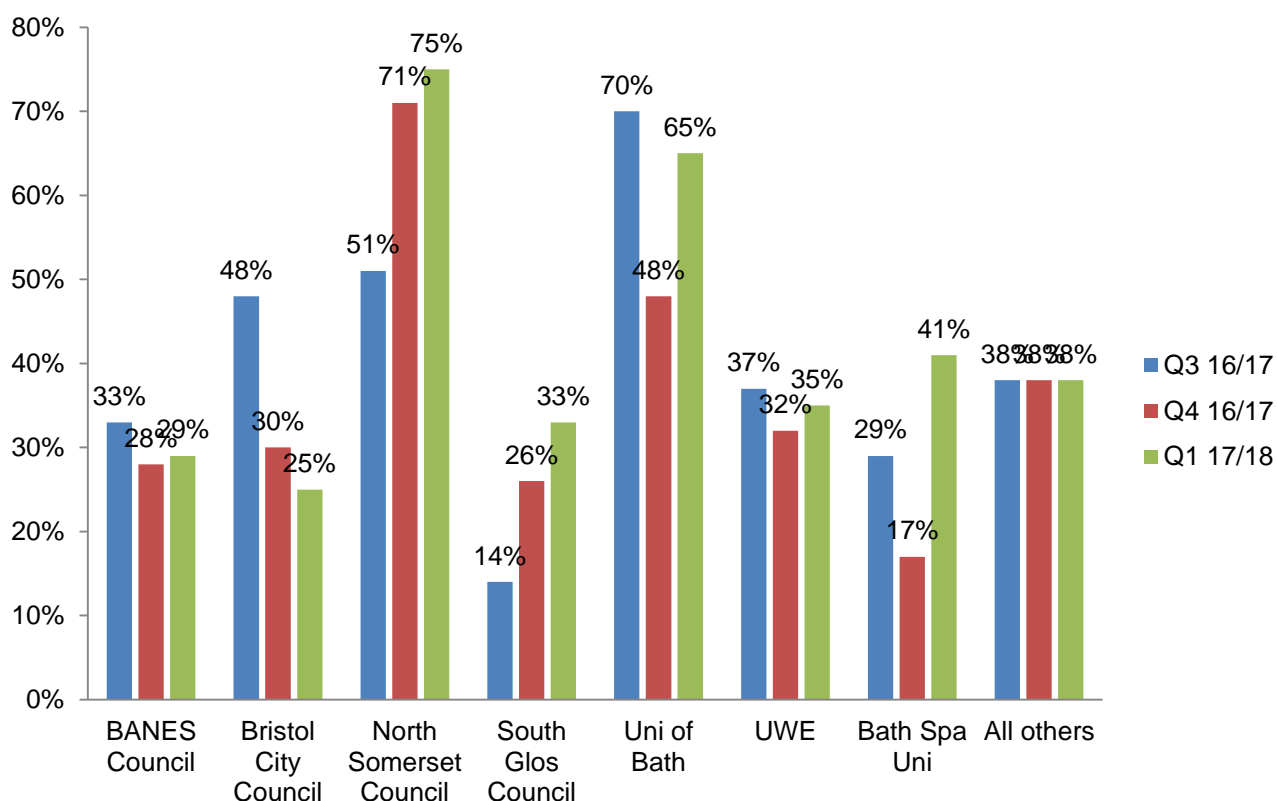


Annex 6



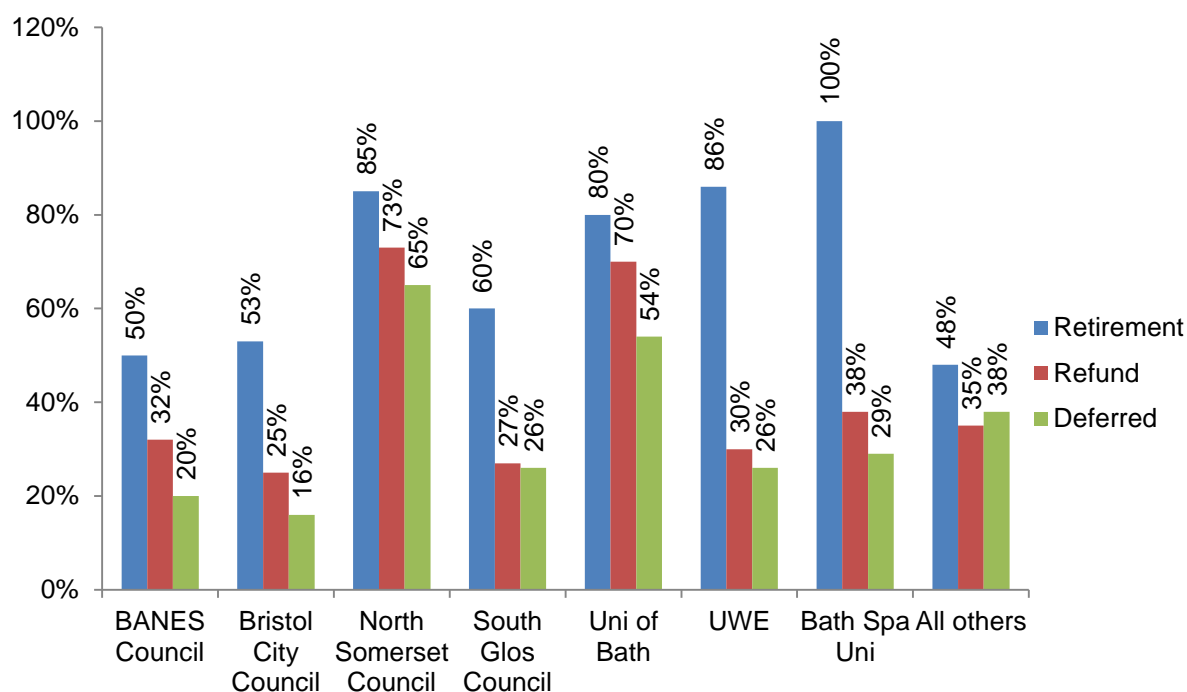
Employers completing leaver forms for retirements, refunds and deferments within SLA targets.

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



	Q3 16/17		Q4 16/17		Q1 17/18	
	%	Cases	%	Cases	%	Cases
BANES Council	33%	56	28%	37	29%	43
Bristol City Council	48%	159	30%	103	25%	91
North Somerset Council	51%	93	71%	100	73%	96
South Glos Council	14%	42	26%	60	33%	66
Uni of Bath	70%	28	48%	31	65%	43
UWE	37%	43	32%	58	35%	39
Bath Spa Uni	29%	17	17%	15	41%	9
All others	38%	164	38%	201	38%	145

Annex 2 – Breakdown by case type within target

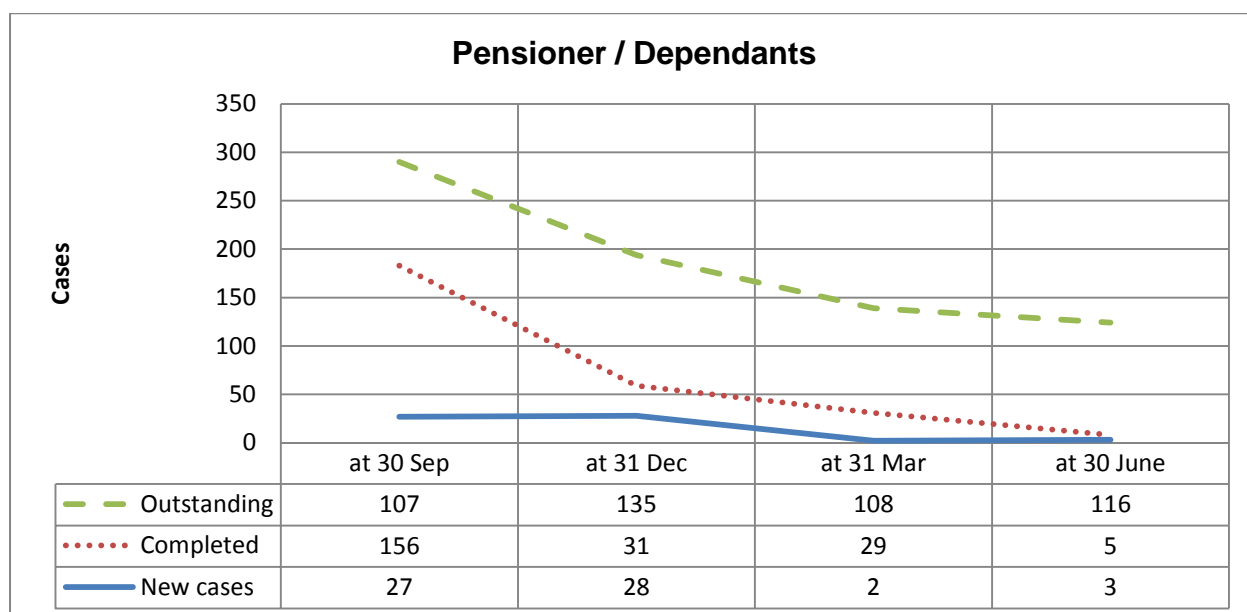
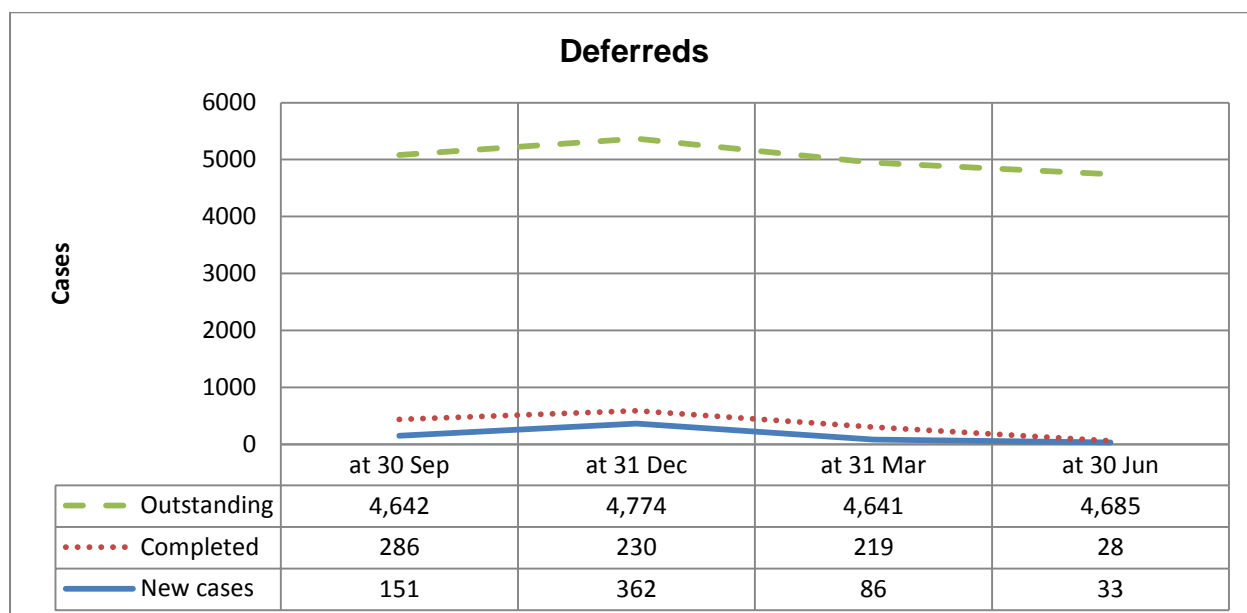
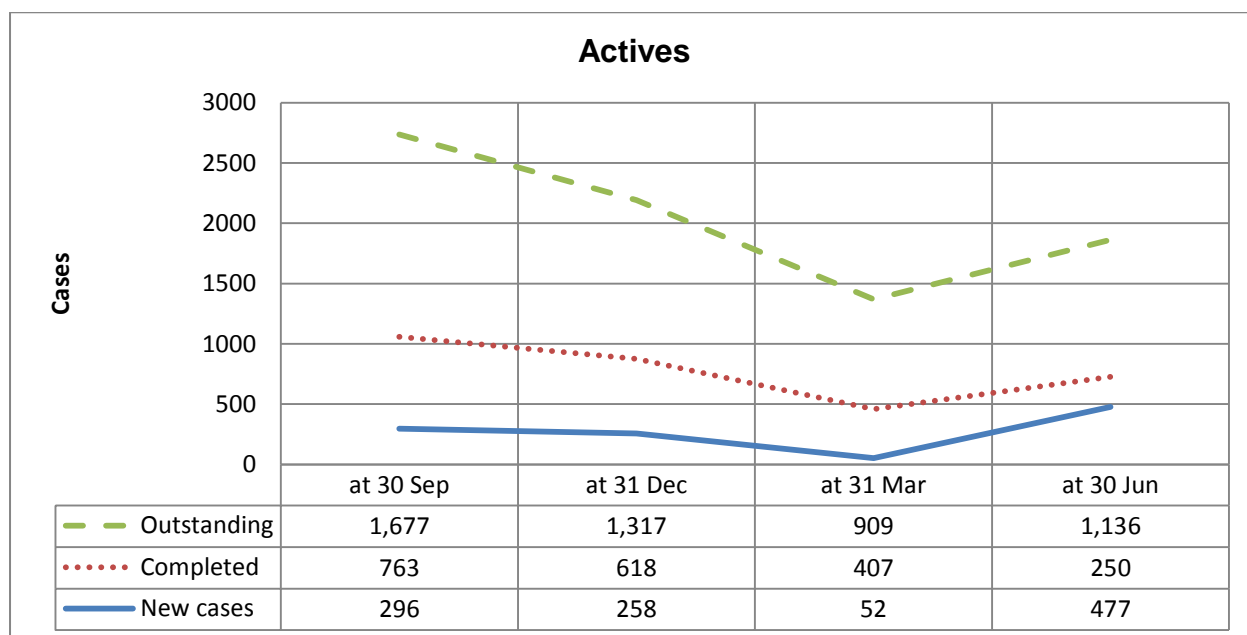


Within target	Retirement		Refund		Deferred	
	%	No. of Cases	%	No. of Cases	%	No. of Cases
BANES Council	50%	11	32%	18	20%	14
Bristol City Council	53%	28	25%	34	16%	29
North Somerset Council	85%	35	73%	24	65%	37
South Glos Council	60%	25	27%	13	26%	28
Uni of Bath	80%	8	70%	21	54%	14
UWE	86%	12	30%	15	26%	12
Bath Spa Uni	100%	2	38%	5	29%	2
All others	48%	27	35%	36	38%	82

Annex 1 – Data

Data type	Cases brought forward	New cases	Completed	Outstanding	Completeness as % of membership
ACTIVES					
36,264					
Addresses	344	68	19	393	98.916%
Forename	0	1	0	1	99.997%
Surname	0	0	0	0	100.000%
Date of birth	6	0	6	0	100.000%
NI number	10	1	5	6	99.983%
Title	3	0	2	1	99.997%
Sex mismatch	12	7	18	1	99.997%
Format of hours	0	9	8	1	99.997%
Date joined Fund missing	0	0	0	0	100.000%
Payroll ref missing	19	4	14	9	99.975%
Casual hours missing	147	0	5	142	99.608%
Leaver forms missing	368	387	173	582	98.395%
Total	909	477	250	1,136	99.74%
DEFERREDS					
41,619					
Addresses	4,140	31	22	4,149	90.031%
Forename	0	0	0	0	100.000%
Surname	0	0	0	0	100.000%
Date of birth	1	0	1	0	100.000%
NI number	48	2	0	50	99.880%
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	491	0	5	486	98.832%
Total	4,680	33	28	4,685	98.87%
PENSIONERS					
28,116					
Addresses	79	2	3	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	0	0	0	0	100.000%
Title	0	0	0	0	100.000%
Sex mismatch	0	0	0	0	100.000%
Total	79	2	3	78	99.96%
DEPENDANTS					
4,414					
Addresses	29	0	2	27	99.388%
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	0	0	0	0	100.000%
Title	0	1	0	1	99.977%
Sex mismatch	0	0	0	0	100.000%
Total	29	1	2	28	99.91%

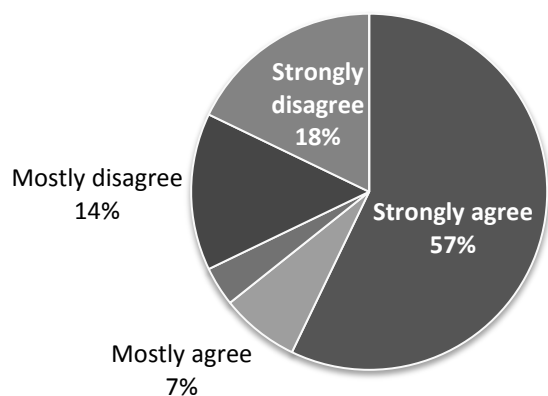
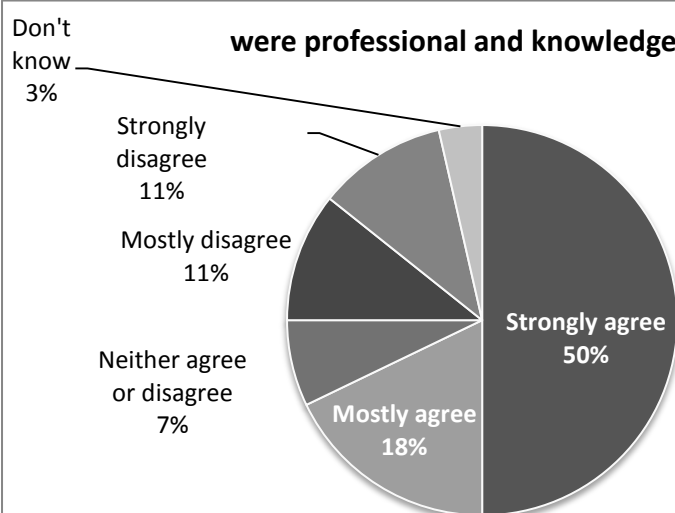
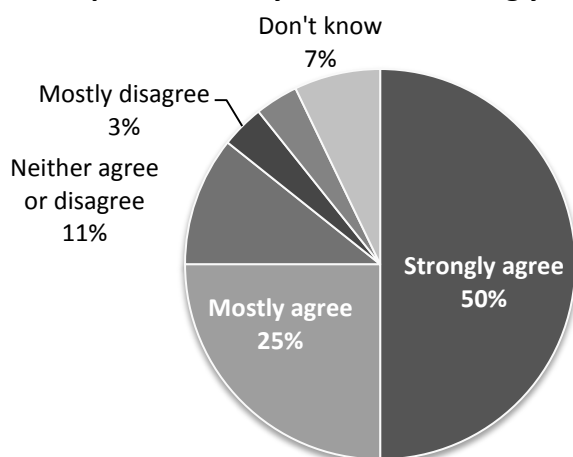
Annex 2 - Quarterly performance charts



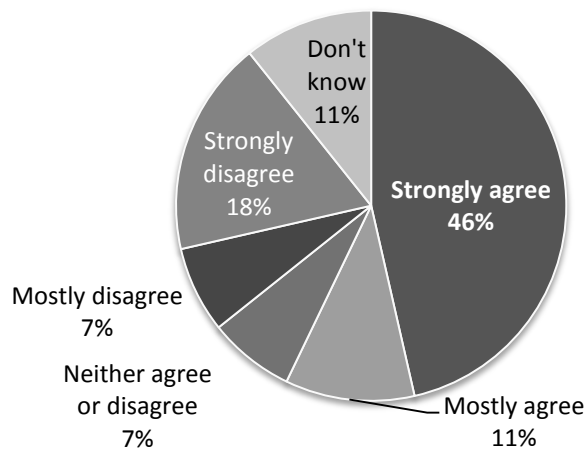
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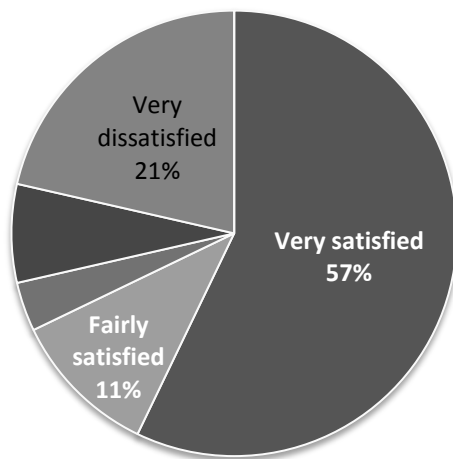
28 responses

Q1 To what extent do you agree or disagree that the Avon Pension Fund ...**kept you informed about your retirement and gave accurate and complete information on time****were professional and knowledgeable****had a polite, friendly attitude, treating you with respect**

answered any questions or issues that you had

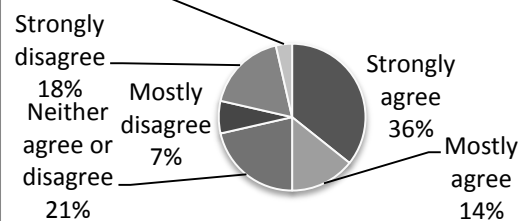


Q2 Overall, how satisfied are you with service you received from the Avon Pension Fund?

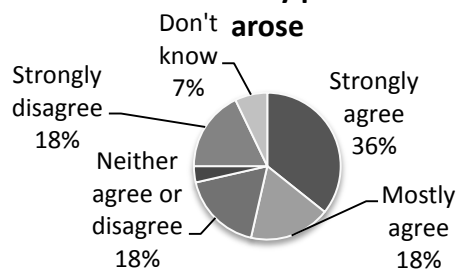


Q3 To process your retirement efficiently and on time we require timely and accurate information from your former employer. To what extent do you agree or disagree that your former employer...

kept you informed about your retiree and gave accurate and complete info on time



delivered what they promised and dealt with any problems that arose



PENSIONS ADMINISTRATION TEAM WORKPLAN TO 31 DECEMBER 2017

Project	Proposed Action	Report
Employer Self Service rollout	Continuing Employer Self Service training of all new and remaining employers to enable full electronic data delivery. However, review of software to be undertaken to ensure product is fit for purpose and meets Fund requirements	Ongoing Q4 2017
i-Connect software – to update member data on ALTAIR pension database automatically monthly	All Unitary Authorities Live Onboarding North Somerset Onboarding B&NES Strictly Education (3 rd Party Payrolls) UWE Fire scheme [on hold pending BCC software review]	Due 2017/2018 Q2 2017 Q2 2017 Q4 2017 Q4 2017
Move to Electronic Delivery of generic information to members	Continue to move to electronic delivery to all members (other than those who choose to remain with paper). Campaign to increase the sign up of members to Member Self Service (<i>My pension online</i>)	Ongoing Ongoing
Launch of Member Self Service (MSS II)	To replace existing MSS. With enhanced self service and interface features.	Due Q2
Historic Status 9 Cases (Old member leaver cases with no pension entitlement. Previously untraced)	Identify cases and contact former members (tracing agent support) concerning pension refund payment.	Ongoing Completion due 17/18
TPR Requirements	Data Quality Management Control – ensure processes and reporting in place to reflect TPR compliance.	Completed
Guaranteed Minimum Pension (GMP) Data Reconciliation Exercise Following cessation of Contracting out section April 2016	Carry out full reconciliation with HMRC records to mitigate risk from holding incorrect GMP liability	Ongoing Due Completion 18/19
2016/17 Year End Process	Ensure complete data receipt from employers and carry out reconciliation process. Issue member ABS prior to 01/09/2017 (1) Deadline for data receipt (30/4/17) (2) Deadline for reconciliation (June/July) (3) ABS timetable (July/August) (4) Member AA Notifications (Sept)	Ongoing Completed Ongoing Timetable Planned Ongoing

Review Workflow & Data Processing	<p>Implement new Task Workflow Arrangements . (Phase 2) - trans process). (Phase 3) – Divorce & Death) (Phase 4) – member estimates (link to MSS 2 project plan)</p> <p>Implement New Leaver Form & Process</p>	<p>Completed</p> <p>Completed</p> <p>Due Q3 2017</p> <p>Completed</p>
Trivia commutation of Small Pension Pots	Undertake review of pensioner member pots to identify potential commutation opportunity following Gov't budget announcement	Due Q4 17/18
Pensions Payroll – Platform Replacement (Cobol to Java)	<p>Replacement of existing platform under guidance from Financial Systems team and in conjunction with IT/Heywood.</p> <p>Dual benefit processing over 2 month period to align payroll system</p>	<p>Earmarked July/September 17</p>
Review Pension Admin Strategy	Review & update current PAS (2015) for approval by Pensions Committee (including employer SLA document)	Q4 2017

Bath & North East Somerset Council	
MEETING:	LOCAL PENSION BOARD
MEETING DATE:	27 July 2017
TITLE:	SCHEME ADVISORY BOARD (1) Local Pension Board Survey
WARD:	ALL
AN OPEN PUBLIC ITEM	
<p>List of attachments to this report:</p> <p>Appendix 1 – Link to LPB Survey http://www.lgpsboard.org/survey.php</p> <p>Appendix 2 – Draft Proposed LPB Survey Response for APF</p>	

1 ISSUE

- 1.1 The purpose of this report is to agree a proposed response to the Scheme Advisory Board (SAB) Local Pension Board Survey.
- 1.2 The template for responses is attached
- 1.3 The draft LPB response is attached

2 RECOMMENDATION

- 2.1 The Board is asked to consider the proposed response to this survey on behalf of the Local Pension Board.

3 Background

- 3.1 The SAB recently invited the chairs of LGPS pension committees and local pension boards to participate in a survey to assess the effectiveness and operational efficiency of the new governance arrangements with emphasis on the role and function of the local pension board.
- 3.2 SAB agreed that the survey should also be extended to scheme stakeholders the main local government trade unions.
- 3.3 SAB requested LGPS pension committees and administering authorities to forward the request to complete this return onto their respective pension committee chairs and, for completeness, the chair of their local pension board.

3.4 SAB considers that it would be appropriate and timely to test the effectiveness and operational efficiency of the new governance arrangements with emphasis on the role and function of local pension boards and interaction with their administering authority.

3.5 The survey is intended to enable SAB to identify any areas of the legislation or related guidance affecting local pension boards that may need to be reviewed to ensure that the statutory requirements of the 2013 Regulations and code of practice issued by the Pensions Regulator are being met. Where appropriate, the Board may make recommendations to DCLG for any regulatory changes that are considered necessary.

3.6 To ensure impartiality, the survey is being sent separately to both the administering authority on behalf of their section 101 pension's committee and their local pension board who are invited to complete the same survey independently.

3.7 However, this is not to exclude any administering authority and their local pension board from collaborating on their respective responses where this is agreed locally. The closing date for survey responses is the 28th July 2017, though this could be extended if that closing date precludes consideration of the survey by a meeting of the pensions committee or local pension board.

3.8 Administering authorities are also invited to publicise the survey locally on their web site.

3.9 The response from the Board will be included with the next Pension Committee report.

3 EQUALITIES

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

4 CONSULTATION

4.1 None appropriate

5 ISSUES TO CONSIDER IN REACHING THE DECISION(S)

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

6 ADVICE SOUGHT

6.1 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.

Contact person	Jeff Wring – Head of Audit West: 01225 471323 Geoff Cleak – Pensions Manager: 01225 395277
Background papers	Scheme Advisory Board – Local Pension Board Survey
Please contact the report author if you need to access this report in an alternative format	

SCHEME ADVISORY BOARD SURVEY OF LGPS LOCAL PENSION BOARDS

Avon Pension Fund

Section 1: Compliance & Administration

Part 1

1	When did the Board first meet? (insert date DD/MM/Year)	30th July 2015
2	How often a year is the Board required to meet?	4
3	How many meetings have been held to date?	8
4	What is the number of employer representatives on the Board?	3
5	What is the number of employee representatives on the Board?	3
6	(How) Was the Chair of the Board (recruited) :-	RECRUITED AFTER COMPETITION
7	Is the Chair of the Board remunerated?	Yes
7A	If the answer to 7 is "YES", what remuneration is paid?	Annual allowance and travel expenses paid by fund
8	Are any other members of the Board remunerated?	No
8A	If the answer to 8 is "YES", what is the average amount of remuneration?	Expenses and training costs paid by fund
9	Are expenses paid to Board members?	Yes
10	Is facility time given by the scheme manager to employee representatives of the Board?	Yes

Part 2

11	Is there a written constitution for the Board?	No
12	Does the Board have a terms of reference?	Yes
13	Does the Board have a conflict of interest register?	Yes
14	Do you keep a register of breaches of the law?	No (the LPB specifically) Yes (the fund does)
15	Is there a risk register?	No (the LPB specifically) Yes the fund does (which the LPB reviews each meeting)
16	Is there a programme for Board members to acquire knowledge and understanding?	Yes
17	Where "YES" has been given as the answer to Questions 11 to 16, on a scale of 1 (very poor) to 10 (very good), how would you evaluate :-	
	i) the constitution	0
	ii) the terms of reference	9
	iii) the conflict of interest register	9
	iv) the register of breaches	0 (LPB) 8 (APF)
	v) the risk register	9
	vi) the knowledge and understanding programme	9
18	Is personal liability or indemnity insurance available to Board members?	No (but to be reviewed) Independent Chair has own PI/PL insurance
19	Is the Board compliant with guidance issued by the Scheme Advisory Board?	Yes
20	If the answer to Question 19 is "No", give reasons below :-	N/A
21	Give up to three examples where you think the Board is working well	Buy in to LPB from pension fund
		Scrutinising APF governance and administration
		Ensuring APF compliance with TPR requirements and Code
		14

		Ensuring new APF ISS complies with LGPS regs and statutory guidance
22	Give up to three examples where you think the Board could improve what it does :-	Deeper dives on some aspects of admin performance
		Encouraging the fund to take more/further action of employers who consistently provide late, incorrect, missing data
		Making its recommendations to the administering authority and tracking their implementation

Section 2: Operation and Working Relationship

23	On a scale of 1 (very poor) to 10 (very good), how would you evaluate :-	
	i) the relationship between the administering authority and the board?	8
	ii) the relationship between the pensions' committee and the board?	8
	iii) the board's ability to identify non-compliance with legal requirements?	7
	iv) the board's ability to make recommendations to the administering authority when non-compliance has been identified?	8
	v) the administering authority's response to any such recommendations?	8
	vi) the effectiveness of communication between the administering authority, pensions' committee and the board?	8
	vii) the knowledge and understanding programme available to the board?	8
24	Has the administering authority in any capacity attended any local pension board meetings?	Yes
25	In the last 12 months, have any breaches of the law been identified by the local pension board?	No
26	Who is responsible for agreeing the agenda for local pension board meetings?	Chair of LPB
27	Have any local pension board meetings not been quorate?	No
28	Is voting a regular feature of local pension board meetings?	No
29	Does the local pension board have a webpage on the administering authority's web site?	Yes
30	Does the local pension board have a workplan?	Yes
31	Has the local pension board agreed any success measures/KPIs for its work?	No
32	Has the local pension board produced an Annual Report?	Yes
33	Are the local pension board's papers agenda, papers, etc, available on the board's webpage?	Yes
34	Does the local pension board have control of a budget?	Yes
35	If it has a budget, can it be used to access independent external advice?	Yes
36	Does the local pension board have access to internal and external audit reports?	Yes
37	Describe below any ways in which you think the working relationship between the administering authority, pensions' committee and the	National SAB should review and update the guidance on

	board could be improved.	the role of LPBs and what the DLG/SAB expect of them post asset pooling especially on fund cost efficiency
		Review the dates of PC and LPB meetings and or establish a procedure how LPB comments on papers going to the PC before the LPB meets
		Regional meetings of LPBs in the Brunel Pensions Partnership to benchmark activity and compare effectiveness
38	Use the space below to comment on any other aspect of the new governance arrangements that you consider to be relevant.	National SAB should review and update the guidance on the role of LPBs and what the DLG/SAB expect of them post asset pooling
		The SAB to have separate pages on its website dedicated to LPBs including a place for LPBs to publish their annual reports
		The SAB to host annual national meeting of LPB chairs to assist consistency/common agenda to assist all admin authorities
39	Please confirm the capacity in which you are completing the survey	Local pension board independent chair
40	Please confirm the name of the organisation/pension board you represent	Avon Pension Fund

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Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	27 July 2017	AGENDA ITEM NUMBER
TITLE:	Risk Management Update – Risk Register	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 Avon Pension Fund Risk Register Top Ten Risks		

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 ten risks.

2 RECOMMENDATION

- 2.1 That the Board notes the report and comments 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 - AVON PENSION FUND RISK REGISTER

- 4.1 The Risk Register 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 every quarter by the pension management team. Risks identified cannot be eliminated but can be treated via monitoring.
- 4.3 The top 10 risks are included as Appendix 1 with the full register available to view at: <S:\Pensions\Users Shared\APF Pensions Board\Risk Register>
Members will need to log into the BANES system using their token to access this file
- 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.

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.

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

AVON PENSION FUND RISK REGISTER

Owner(s): Liz Woodyard / Geoff Cleak

Date updated: 17/07/2017

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

	#	DESCRIPTION	DATE ENTERED	RISK OWNER	CATEGORY	RISK SCORE										OVERALL TOTAL	CURRENT OVERALL STATUS	PERIODS AGO			CURRENT STATUS OF ACTIONS	ACTIONS TO MANAGE RISK	KEY UPDATES/CHANGES TO ACTIONS DURING PERIOD
						Likelihood					Impact												
						1	2	3	4	5	1	2	3	4	5								
1	R42	Increase political pressure to reform the scheme & governance, reduce costs and direct investment decisions. If the fund does not have a robust plan for change, risk that government will direct funds. Implications: committee is unable or does not make decisions in best interest of the fund.	12-Sep-13	Head of Business, Finance and Pensions	Investment Strategy				4					4		16	HIGH	H	H	H	On target	The Investment Strategy Statement clearly defines the investment principles and objectives and the strategy in place to deliver. The Fund is actively developing Brunel Pension Partnership (BPP) to meet the government broad agenda to reduce investment fees and increase efficiency. BPP and the LGPS Cross Pool Collaboration Group is actively engaging with government on a wide range of issues related to the government's agenda.	
2	R25	Lack of knowledge and continuity within the Committee (risk arises as some members face re-election simultaneously. Until members are fully trained maybe a delay in decision making).	01-Jul-08	Pensions Investments Manager	Governance				4				3			12	MEDIUM	M	M	M	On target	There is a training plan in place linked to the 3 year Service Plan, which is periodically reviewed. The Committee includes 2 independent members that are not subject to the electoral cycle. An induction programme is provided for all new members, tailored for the Committee agenda for the next 12 months. Periodically as self-assessment of training needs is undertaken to ensure knowledge gaps are identified and addressed in the training plan.	
3	R26	The Fund fails to achieve investment returns sufficient to meet its liabilities as set out in the valuation. This may be due to strategy failure or investment managers appointed for each investment mandate failing to achieve their benchmark. Implications: this could negatively impact employer contribution rates.	01-Jul-08	Pensions Investments Manager	Investment Strategy			3						4		12	MEDIUM	M	M	M	On target	A strategic review of the investment strategy is undertaken at least every 3 years. It determines the appropriate strategy to deliver the returns assumed by the actuarial valuation. The Fund adopts a diverse strategy across assets and managers which limits the impact of any one asset class or manager on the performance of the fund. The strategy is reviewed quarterly and annually by Committee (between strategic reviews) when the investment performance is measured against the liabilities, the strategic benchmark and mandate performance targets. The managers are monitored against their mandate guidelines quarterly by the Investments Panel. Recommendations for action are made to Committee or actioned under delegated powers of the Panel. Significant due diligence is undertaken when appointing managers; process ensures there is not undue reliance on past performance. Specialist advice is commissioned covering both strategic issues, ongoing monitoring of strategy and managers and evaluating potential managers during procurement process.	

4	R51	Risk of Fund retaning incorrect pensions liability - GMP Reconciliation Exercise. Following the abolishment of contracting out earnings effective from April 2016, requirement to undertake a reconciliation of GMP liability between Fund and HMRC. Completion date due end 2018	10-Aug-15	Technical & Compliance Advisor	Admin Strategy			3						4		12	MEDIUM	M	M	M	On target	There is a project plan in place linked to 3 year Service Plan which is periodically reviewed. Additional resource identified as 1.5 fte to carry out reconciliation under management of Technical & Compliance Advisor. Exceptions reported to HMRC and progress/action reports provided periodically to Pensions Committee & LPB.	Review scope of project. Need to agree policies for tolerances with Committee
28	R56	Significant increase in employers especially if all schools convert to academy status.		Pensions Manager	Admin Strategy				4				3			12	MEDIUM				On target	Resources have been increased to support employer services within both actuarial and administration teams, reflecting the increase in new schedule bodies and admission bodies.	
22	R16	Staffing – Failure of the Pension Fund to ensure it has adequate resources and staff with the requisite skills and competencies to administer the Fund.	01-Jul-08	All Managers	Admin Strategy				4				3			12	MEDIUM	L	L	L	On target	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. Implementation of skills and knowledge training plan following admin restructure (Jan 2017) and introduction of Apprentice programme from April 2017.	
18	R01	System Failure – Failure of the Fund to ensure it has adequate and robust systems to ensure pensions are administered and paid in accordance with statutory obligations.	12-Sep-13	Pensions Manager	Admin Strategy			3					3			9	MEDIUM	L	L	L	On target	The Fund has policies in place which are periodically reviewed to ensure statutory obligations are met. Systems Control team has been incorporated with Financial Systems management to build internal resilience. Operational agreements in place with/for (i) Financial Systems (ii) SLA with Heywood (software provider) (iii) B&NES IT for corporate systems (iv) APF DR policy (v) B&NES BCP (vi) Daily system back-up. Two major systems update projects about to be undertaken with Heywoods 1) Move of Altair to a Windows platform due to the existing risk presented to APF by the age of and type of platform of the existing Altair servers 9 -10week project) 2) Java technical platform change for payroll support. Appx 17 week project requiring min of 2 months of dual processing Two major systems update projects about to be undertaken with Heywoods 1) Move of Altair to a Windows platform due to the existing risk presented to APF by the age of and type of platform of the existing Altair servers 9 -10week project) 2) Java technical platform change for payroll support. Appx 12 week project requiring min of 2 months of dual processing	Exploring possibility of hosted service with software provider. SLA with Finance Support System team being developed. Project plans with individual risk logs for Altair to Windows and Java Payroll projects being developed. Project implementation July 2017 onwards. Liaison between APF, Systems Support team and Heywoods to ensure successful completion. Risk that payroll project could be delayed if Windows project overruns

5	R54	The Fund is a participating fund in the Brunel Pension Partnership for pooling its assets. The project is now in implementing phase with the company established. Key senior staff is being recruited but still risk adequate resources are not available in line with timetable. Any of the above could seriously impact the Fund's and pool's ability to deliver savings according to financial case. Focus in next 12-24 months on operational implementation and transition of assets.		Pensions Investments Manager	Governance		2					4		8	MEDIUM	M			On target	Shadow governance structure will move to formal structure with creation on company (July 2017). Governance structure ensures Committee, Board and officers effectively manage the new relationship. Expert advice has been commissioned to advise on the legal structure required, FCA authorisation and related issues. Advice will continue to be commissioned as required. Additional resources provided to project team to manage implementation stage. Local funds have put delegations in place to ensure decisions can be made. Chair and NEDs appointed; Exec team in process of being appointed (July 2017). Rest of team below exec still to be appointed thus still risk to implementation timetable.	
6	R05	Data Protection – Failure to secure and manage personal data held by the Pension Fund in an appropriate manner and in line with statutory responsibilities.	01-Jul-08	Pensions Manager	Admin Strategy		3			2				6	LOW	L	L	L	On target	All staff undertake to share personal data with 3rd parties through controlled framework; compliant with B&NES DP policies. Awareness of potential risk in not doing so. Members including pensioner members are informed regularly (via payslips & newsletters) that data is provided to third parties for the detection / prevention of fraud in accordance with National Fraud Initiative. (On-going) Further staff training to be undertaken in 2017 to reinforce awareness	
7	R10	Contributions from employing bodies are incorrect in value or are late. Implications: adverse short term cash flow; employer funding position could be over/under stated; possible breach of TPR code which could lead to fines.	12-Sep-13	Finance & Systems Manager (Pensions)	Admin Strategy		2				3			6	LOW	L	L	L	On target	Monthly receipt of contributions is monitored and payments received are reconciled to LGPS 50 forms. Incorrect or non-payments are followed up in line with TPR code. Annually reconcile receipts from employers to member records. Late payers are reported quarterly to Committee and followed up in line with Late Payers policy.	
8	R19	Lack of adequate resources/ knowledge at scheme employers leading to a failure to comply with obligations to pension fund and employee members, and TPR code.	12-Sep-13	Pensions Manager	Admin Strategy		2				3			6	LOW	L	L	L	On target	The Pensions Admin Strategy clearly defines the Governance and administration requirements of TPR's Code of Practice as properly addressed as they fall to the Fund and its Employers. Key objectives/strategies set (communications, training, ICT & performance framework).	Task workflow and reporting project due completion in November 2017. MSS 2 development in progress.

9	R23	Insolvency of scheme employers without sufficient monetary guarantees or bonds to make good their outstanding liabilities on exit. Implication: as shared risk scheme any liability is absorbed by the fund and spread across all remaining employers which could negatively impact contribution rates.	01-Jul-08	Pensions Investments Manager	Funding Strategy			3				2				6	LOW	L	L	L	On target	Current policy is to only admit admission bodies where the pension liabilities are guaranteed by a scheme employer or a bond is in place. Covenant assessment monitoring process in place for on-going assessment of financial standing of fund employers. Incorporated into funding plan. For those bodies where greater security can be obtained work is ongoing to obtain a bond, guarantee or charge on assets. Exit and termination policies are in place to ensure financial risk is minimised when employers leave the fund. For those employers where the pension liabilities undermine the financial viability of the organisation, explore ways of capping the debt.	
10	R27	The investment managers appointed by the Avon Pension Fund to manage the assets fail to achieve their benchmarks. This could cause the Fund to underperform its strategic benchmark and thus fail to achieve the investment returns required to fund the liabilities. This could negatively affect the contribution rates paid by the employing bodies.	01-Jul-08	Pensions Investments Manager	Investment Strategy			3				2				6	LOW	L	L	L	On target	Risk updated Jan 2015. Higher likelihood; impact lower	
11	R28	The Fund is unable to recruit appropriately skilled technical or investment staff given the short supply of such staff regionally in the market. This could be exacerbated by the creation of BPP Ltd. based in Bristol which will manage the fund's assets. This could restrict the Fund's ability to develop and implement the service plan.	01-Jul-08	All Team Managers	Governance				4				3			12	MEDIUM	L	L	L	On target	Complete PDR process with all staff to identify training and professional qualification needs based on Service requirements. re BPP - Once know impact on team , consider all options for managing work including buying in resource from BPP. Identify at risk areas and consider succession planning to minimise risk of losing skilled/specialist staff. Build in resilience by broadening technical knowledge of staff within teams. Explore options for developing apprentice and graduate level staff.	
15	R20	Governance risk of investment managers, custodian and other investment suppliers. This includes the financial risk that could lead to insolvency or a weak control environment (which fails to prevent fraud). Implications: Detrimental impact to the investment strategy through loss of assets or inability to trade due to assets being inaccessible.	12-Sep-13	Pensions Investments Manager	Governance	1								4		4	LOW	L	L	L	On target	Include in procurement due diligence legal advice as to contracts to ensure adequate protection in the event of fraud, negligence or insolvency and check financial standing of supplier during tender Effective contract management to include: (i) review of Internal control reports annually; (ii) annual review of financial standing (iii) Annual monitoring of any outsourcing of key services or sub-custodians by fund's providers; (iv) Monitor due diligence undertaken by the hedge fund manager on underlying managers/holdings on controls around administration and prime brokers is assessed on appointment and monitored annually as part of the audit process (v) Monitoring process in place to reconcile the custody transactional records to those of the fund managers in respect of income receipts (dividends, coupons, tax reclaims), trades, holdings and security values	

16	R52	Risk to investment strategy from MIFID II (Markets in Financial Instruments Directive II); effective from 1 January 2018. The directive will change the Fund's status from professional to retail investor. Implications: possible forced sale of non-retail compliant assets; increased costs of compliance if elect for professional status; need to evidence that we meet criteria for elect up; restricted investment universe if stay as retail investor. If remain retail investor, current strategy will have to be amended (illiquid assets would not be permissible).	17-Nov-15	Pensions Investments Manager	Investment Strategy		2					2				4	LOW	L	L	L	On target	Engaging with FCA via LGA and Cross Pool Collaboration Group to ensure criteria for opt up to professional status is possible and efficient for LGPS funds. In discussions with managers as to their approach to evaluating LGPS funds under MIFID II and subsequent process if fail to opt up.	
17	R53	Expected introduction of the exit cap will place an additional burden on the administration resource	01-Apr-16	Pensions Manager	Admin Strategy				4		1					4	LOW	M			On target	The Pension Fund will undertake communication/discussions with employers on how to implement statutory requirements. A project will be set up to review systems and processes.	
19	R07	Fail to communicate effectively with stakeholders - Employers, Members. Implication - reputational risk, poor public relations, lack of information to make informed decisions and failure to comply with TPR code	01-Jul-08	Comms Manager	Admin Strategy	1						3				3	LOW	L	L	L	On target	Regular newsletters and bulletins advise members of performance and any regulation changes with the LGPS. Employers are made aware of responsibilities through bulletins and forums plus any statutory changes. Annual Employers Conference held. Maintain members and employers websites, including self service functionality. Maintain Customer Service Charter to communicate service standards. Communication Strategy (part of the Admin Strategy) sets out Fund's policy statement and a strategic approach to communication.	
20	R08	Avon Pension Fund Committee and employing bodies do not receive independent assurance that the Fund's system of internal controls including identification of fraud and money laundering operating effectively. Internal and external audit provision must be in place.	01-Jul-08	Pensions Manager	Governance	1						3				3	LOW	L	L	L	On target		
21	R14	Delayed payment of pension because of failure of BACS System or Interface with CSeries. Implication: members may experience cash flow problems and possible bank charges if pension payments are delayed. Reputational risk if payments are not paid promptly. Non compliance with TPR code.	01-Jul-08	Pensions Manager	Admin Strategy	1						3				3	LOW	L	L	L	On target		
23	R40	The pension fund cashflow profile is maturing. Risk there is not have enough cash to pay pensions on a monthly basis due to a reduction in contributions paid into the Fund. This will result in the bank account being overdrawn and possibly non payment of pensions.	01-Dec-09	Pensions Investments Manager	Investment Strategy	1						3				3	LOW	L	L	L	On target	Policy in place to monitor cash balance during the monthly cycle. Monitor on ongoing basis. Investment policy addresses need to generate income from investments portfolio and / or the divestment of assets as required. The cash requirement is monitored on ongoing basis.	
24	R47	Introduction of employer cost cap mechanism by central government. PR/communication risk and increased need for communications to employers and members	19-Dec-14	Comms Manager	Admin Strategy			3			1					3	LOW	L	L	L	On target	Ensure employers / members are informed thru newsletters, websites and any forums etc. Use generic material from Actuary to communicate to employers. Cost Cap mechanism discussed as part of 2016 valuation.	
12	R39	For the cash invested by the Council on behalf of Pension Fund that the counterparties fail / delay the return of principle and /or investment income to pension fund as requested.	01-Dec-09	Finance & Systems Manager (Pensions)			2				1					2	LOW	L	L	L	On target	approval for the fund's Treasury Management Policy (sets out the maximum limits and maturity terms for each counterparty rating). Officers monitor compliance with the Treasury Management Policy by reviewing Investment Activity Report and report breaches to committee.	

[illegible]

Bath & North East Somerset Council		
MEETING:	Local Pension Board – Avon Pension Fund	
MEETING DATE:	27 th July 2017	AGENDA ITEM NUMBER
TITLE:	Pension Board – Annual Report 2016/17	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Draft Annual Report		

1 THE ISSUE

- 1.1 The purpose of the report is to present the draft annual report of the Board's activities for 2016/17, as required under its Terms of Reference for approval.

2 RECOMMENDATION

- 2.1 The Local Pension Board is asked to approve the annual report subject to any comments at its meeting.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications relevant to this report.

4 THE REPORT

- 4.1 Under the Public Service Pensions Act 2013 and as part of its terms of reference the LPB is required to produce and publish an annual report to the Council on its work, including any breaches of the law by the fund, recommendations on process and governance, and it should be circulated to the fund members and employers, and S151 officer and Monitoring Officer.
- 4.2 Based on its Terms of Reference document it is proposed the LPB annual report will summarise the Board's establishment and activities over the past 12 months – August 2016 – July 2017 - and briefly look forward to the proposed work plan for the forthcoming year.
- 4.3 An outline structure of the report was presented at its May meeting and a draft is attached at Appendix 1 for comment and approval by the Board.
- 4.4 The Annual Report will be available on the Fund's website and also be referenced in the Annual Report of the Avon Pension Fund.

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.

6. EQUALITIES

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

7. CONSULTATION

- 7.1 The report was distributed to the S151 Officer for consultation.

Contact person	<i>Jeff Wring (01225 477323)</i>
Background papers	<i>Council Report – Establishment of Avon Pension Fund Board – 15th January 2015</i>
Please contact the report author if you need to access this report in an alternative format	

Avon Pension Fund – Local Pension Board – Annual Report

1. Introduction

Welcome to the second Annual Report of the Local Pension Board (LPB) of Avon Pension Fund.

The Board was established in 2015 arising from the Public Sector Pension Act 2013 and Local Government Pension Scheme (Governance) Regulations 2015.

The purpose of the Board is to assist the Administering Authority (Bath and North East Somerset (BANES) Council) of the Avon Pension Fund (APF) secure compliance with the LGPS regulations and the requirements of the Pensions Regulator (TPR) and ensure efficient and effectiveness of the governance and administration of the fund.

This report covers the period 1st August 2016 to 31st July 2017 within which the Board has held four formal meetings. During this period the members of the LPB have continued to develop their knowledge and understanding of the LGPS and TPR requirements as required by law.

The second year of operation of the LPB was focussed on its statutory responsibilities with a core agenda of key governance themes around the fund's legal compliance, risk management, best practice, and benchmarking.

It has also actively monitored the fund's involvement in the Brunel Pensions Partnership (BPP) that is being established in 2017 to facilitate the pooling of the funds assets with 9 other LGPS funds in 2018.

I am pleased to say that with the support of the officers and advisors to the APF; the LPB has made good progress in fulfilling its terms of reference and continuing to support the LGPS administering authority (BANES) fulfil its statutory duties.

The LPB has reviewed a wide range of LGPS regulations and TPR requirements and made a number of recommendations to the administering authority (see page 8 and Appendix 1).

One of the most important reviews the LPB has undertaken is the funds compliance with TPR Code of Practice 14 (see page 6). The LPB welcomed the actions being implemented by the fund to ensure it fully complies with the Codes before the LPB carries out its next annual review of compliance.

The LPB has also reviewed the APF communication strategy and stressed the need for all scheme information to be kept up to date, and the importance of the fund website to fund employers and members.

Looking ahead the LPB will seek to assist and support the APF in respect of minimising potential governance and other risks arising from creation of the BPP in 2017 and the pooling of the funds assets with nine other LGPS funds in 2018.

Last but not least could I thank my fellow Board members for their commitment to their roles on the LPB and I commend this report to you.

Howard Pearce
Independent Chair

2. Legal basis of Local Pension Board

Background

At the request of central government Lord Hutton conducted a review into public service pensions in 2010 and published his findings in March 2011 which recommended significant change to the governance of the pensions *‘to make...schemes...more transparent’*.

Subsequently legislation was introduced in the form of the Public Sector Pension Act 2013 along with the Local Government Pension Scheme (Governance) Regulations 2015. These require each Local Government Pension Scheme (LGPS) administering authority to establish a new body known as a Local Pensions Board (LPB) to assist the Council (LGPS Administering Authority).

One of the key aims of the reform was to raise the standard of management and administration of public service pension schemes and to achieve more effective representation of employer and employee interests. The LPB must have equal representation of scheme members and scheme employers.

The APF LPB is a separate legal entity from the APF Pensions Committee (Section 101 committee) to which as administering authority (BANES Council) has delegated its functions in relation to the administration of the LGPS.

Specific Role and Purpose

The Public Sector Pension Act 2013 sets out the requirements for the establishment of a LPB with the responsibility for assisting the LGPS local scheme manager (BANES) in relation to the following:

- a) Securing compliance with the regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme and:
- b) To ensure the effective and efficient governance and administration of the Scheme.

The LPB will assist the ‘scheme manager’ by monitoring and advising on compliance with the pension scheme regulations, along with all other legislation and the requirements imposed by the Pensions Regulator to ensure the effective and efficient governance and administration of the scheme.

The role of the LPB can be likened to that of a “critical friend” but is not a decision making body. It has an important advisory role for the APF and works with the Pensions Committee to scrutinise its decision making processes and to ensure the Fund’s compliance with all its legislative requirements.

The Pension Regulator (TPR)

From April 2015, the Pension Regulator had responsibility for the LGPS. Therefore one focus for the LPB is ensuring the fund’s compliance with TPR Codes of Practice. This is split into a number of areas which covers governance, risk management and resolving issues.

The LPB as part of their work plan has needed to consider these areas, to ensure the Fund is compliant and if not to make recommendations to the APF Pensions Committee to address these requirements.

Terms of Reference

Terms of Reference for the LPB are available through the following link.

<http://www.avonpensionfund.org.uk/>.

Avon Pension Fund – Local Pension Board – Annual Report

3. Establishment of Local Pension Board

The requirement for an Independent Chair and Board Membership was outlined in the terms of reference to the LPB which were agreed by full BANES Council on the 15th January 2015.

Adverts for the role of Chair were placed on the Fund's website, Western Daily Press, Jobsgopublic.com, Local Government Chronicle online and the Council's job vacancy website.

All applicants were then reviewed against the five published criteria in the person specifications and a shortlist of four candidates drawn up for interview with the Strategic Director of Resources, Head of Business, Finance and Pensions and the Head of Audit West.

Interviews were held in June 2015 and a preferred candidate – Howard Pearce (former Head of Pension Fund Management, Environment Agency) – was identified and recommended to the LPB for an appointment of four years.

The process for the appointment of Board Members followed a similar path with adverts placed on the Fund's website and pro-actively distributed through the many employee and employer communications and conferences.

Interviews for Board Membership were held from June 2015 through to May 2016 and as at May 2016 a full compliment of employer and employee members are now in post.

Details of the Local Pension Board Members

Independent Chairman:

Howard Pearce. Appointed 1st July 2015. 4 year term of office to 30 June 2019.

Employer Member Representatives:

Gaynor Fisher, active member. Appointed 1st July 2015. 4 year term of office to 30 June 2019.

Steve Harman, active member. Appointed 1st July 2015. 4 year term of office to 30 June 2019.

Tony Whitlock, active member. Appointed 1st May 2016. 4 year term of office to 30 April 2020.

Scheme Member Representative:

David Yorath, retired member. Appointed 1st July 2015. 4 year term of office to 30 June 2019.

Tom Renhard, deferred member. Appointed 1st July 2015. 4 year term of office to 30 June 2019.

Mark King, active member. Appointed 1st May 2016. 4 year term of office to 30 April 2020.

In total the Board has well over 100 years experience of the LGPS. Details of each Board members experience, LPB training log, and register of interests for are available through the following link.

<http://www.avonpensionfund.org.uk/>.

Attendance at Local Pension Board Meetings – August 2016 – July 2017

Role	Board Member	Attendance (to be updated please)
Independent Chairman	Howard Pearce	4/4
Employer Representative	Gaynor Fisher	2/4
	Steve Harman	2/4
	Tony Whitlock	3/4
Member Representative	David Yorath	3/4
	Tom Renhard	3/4
	Mark King	3/4

4. Training

Background

In accordance with the Pension Regulator (tPR) Code of Practice 14 every individual member of a LPB must in summary:

- Be Conversant with the rules of the local government pension scheme (LGPS) &
- Have knowledge and understanding of the law relating to pensions:

These responsibilities begin from the date the LPB member takes up their role. These knowledge and understanding requirements apply to every individual member of a LPB rather than as a collective group.

Degree of Knowledge and Understanding

The legal requirement is that members of the LPB must be conversant with the rules of the LGPS and any document recording policy about the administration of the fund. This is implied as a working knowledge so that members are aware of which legislation/policies to refer to when carrying out their role.

Areas of Knowledge and Understanding

LPB Members should be conversant with, but not limited to the following areas:

- a) Scheme approved policies
- b) Risk assessment/management
- c) Scheme booklets/members communications
- d) Role of LPB Members and the scheme manager
- e) Policies in relation to discretions
- f) Communications with scheme members and employers
- g) Key policy documents on administration, funding and investment

Training Undertaken

During the year on-going technical training was provided to LPB members by officers from or advisors to the APF on a full range of topics covering the LGPS framework and TPR requirements.

All 7 members of the LPB have completed the TPR public sector pension toolkit certification. In addition three members attended the LGE LGPS Fundamentals Course.

The LPB training plan is a topic at each board meeting and all Board Members maintain a training log, which is also submitted annually to assist in the identification of on-going training needs.

Details of the LPB training plan and members training logs are available through the following link –

<https://democracy.bathnes.gov.uk/ieListMeetings.aspx?CommitteId=563>

5. Local Pension Board Code of Conduct and Conflicts of Interest Policy

Code of Conduct

All LPB members have signed up to an LPB Code of Conduct in which emphasises that as a holder of public office there is an expectation that LPB members will comply with the ‘seven principles of public life’, also known as the ‘Nolan Principles’.

Conflicts of Interest

All LPB members have also signed up to the LPB Conflicts of Interest Policy. This requires all members to notify BANES Democratic Services team of any potential conflict of interest arising as a result of their position on the Board.

All meetings of the LPB include a standing item titled ‘Declaration of Interests’ at the start of the meeting where any declaration in relation to the items on the agenda should be made.

All LPB members have formally completed their declaration of interest forms and at the 4 formal meetings which have been held during the year no ‘conflicts’ have been declared. For more information on conflicts of interest and declarations at each meeting please use the following link –

<https://democracy.bathnes.gov.uk/mgCommitteeDetails.aspx?ID=563>

6. Pension Board Costs & Budget

In meeting the requirements of the Public Sector Pension Act (2013) and establishing a Local Pensions Board, Bath & North East Somerset approved terms of reference and necessary supporting arrangements at its meeting of its full Council on the 15th January 2015.

The LPB agrees a budget on an annual basis to enable the Board to perform its duties and a summary of the costs is included below –

Summary Financial Table

Budget Area	Actual Costs 2015-16	Budget 2016/17	Actual Costs 2016-17
LPB Members Allowances	6,024	£12,000	£7,067.27
LPB Members Training Costs	3,485	£3,000	£1,500.00
LPB Meeting & Democratic Services Costs	5,514	£8,000	£3,245.00
Central Recharges & Officer Costs	9,420	£17,000	£11,800.00
Total	£24,443	£40,600	£23,612.27

As with all elements of the public sector there is exceptional pressure to ensure value for money can be demonstrated and the Board will continue to consider this in its future operations.

Avon Pension Fund – Local Pension Board – Annual Report

7. Local Pension Board Compliance with the Pension Regulator’s Code of Practice No.14

As part of assessing both the effectiveness and compliance of the Board with its key requirements, the APF carried out a self-assessment of the LPB’s current arrangements against TPR Code of Practice No. 14. The full results of this exercise were reported initially in May 2016 and revisited in November 2016 and are available via the following link.

<https://democracy.bathnes.gov.uk/documents/s44211/LocalPensionBoardTPRCOP14UpdateNov2016.pdf>

In summary the LPB and the fund were compliant with the Code 14 and identified only a small number of recommended actions for the APF to achieve best practice, including –

- Monitoring of the data improvement plan
- Managing overdue contributions
- Records of investigations and correspondence
- Production of Annual Benefit Statements in required formats
- Provision of basic scheme information to new entrants
- Review the funds Dispute Resolution procedures
- Review the funds employer obligations re: IDRP Procedures
- Review the funds employer obligations re: TPAS and Pensions Ombudsman Procedures

The Board has agreed that the compliance exercise should be revisited periodically to ensure it can continue to evaluate the APF compliance and advice on actions and improvements where necessary.

As part of this process Internal Audit carried out independent reviews of compliance against the Code in 2016/17 and their findings were reported to the Board in February 2017 along with their other reviews of the Pension Fund and overall Plan –

<https://democracy.bathnes.gov.uk/documents/s45651/LocalPensionBoardAuditUpdateFeb2017.pdf>

8. Pension Fund Communications

Effective member and employer communications form a core part of the role of the APF. During the year the Board was represented at the Employer’s conference and also reviewed the APF’s communications strategy and website.

The Board welcomed the website which had been refreshed and simplified the way information on the APF could both be located and sought and commended the actions of the fund. Reviewing the strategy and how the fund communicates to its many stakeholders will remain a key element of the work plan of the Board on a rolling basis.

9. Risk Management

Risk management processes for the APF follow the framework laid down by the LGPS administering authority (BANES Council). The APF Risk Register identifies the significant risks that could have a material impact in terms of value, reputation, compliance or provision of service and sets out the mitigating action taken to manage down each risk.

The Register is reviewed regularly and the key risks fall into one of the following categories –

- (i) Failures in the fund administration & control of operational processes and strategic governance processes and TPR compliance;
- (ii) Service delivery partners not delivering in line with their contracts or SLAs;
- (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
- (iv) Changes to the LGPS nationally and increasing political pressure to reform the scheme structure, governance frameworks and to centrally direct investment decisions

The LPB's ongoing review of the risk register concurred with the Pensions Committee that the top risks facing the fund revolve around –

- The creation of the Brunel Pension Partnership (BPP) in 2017 and asset pooling in 2018
- Significant growth of new employers through the Government's academies agenda
- Delivering the future funding strategy
- Recruitment and Retention

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

The LPB will continue to ensure that a review of the funds risk register will remain a regular agenda item at each meeting.

Avon Pension Fund – Local Pension Board – Annual Report

10. Summary Review of Areas Covered in 2016/17 & Recommendations Made

The second year of operation of the LPB was focussed on key governance themes of legal compliance, risk management, and best practice as well as monitoring the significant developments connected to asset pooling and creation of the Brunel Pensions Partnership. A summary of the areas covered and recommended is detailed as follows (**Full Details at Appendix 1**) –

Review of LPB Arrangements
Review of LPB Terms of Reference, Code of Conduct, Conflicts of Interest, Breaches
Review of Training Requirements
Review of Work Plan
Review of Pension Fund Activities
Review of Avon Pension Fund Committee & Investment Panel Minutes
Review of Project Brunel
Review of Investment Strategy Statement
Review of Valuation & Funding
Review of Transparency Code
Review of Pension Fund Administration
Review of Compliance Reports
Review of Risk Register
Review of Service Plan
Review of Annual Report
Review of Communication Strategy
Independent Assurance
Review of TPR, SAB & CIPFA external benchmarking exercises
Review of External Audit plan and reports
Review of Internal Audit plan and reports

Avon Pension Fund – Local Pension Board – Annual Report

11. Draft Forward Plan for 2017-18

The draft work plan for the next 12 months is detailed as follows and will be kept under regular review.

AGENDA ITEM	07/11/17	15/02/18	24/05/18	19/07/18
Conflicts of Interest Declarations	X	X	X	X
Training & Work Plan Update (Incl. Annual Plan)	X	X	X	X
APF Committee & Investment Panel Minutes	X	X	X	X
LGPS Developments & Updates	X	X	X	X
Risk Register Update	X	X	X	X
Project Brunel Ongoing Review (Governance etc)	X	X	X	X
Review of Pension Fund Annual Report and Accounts	X			
Review of Administration Strategy		X		
Avon Pension Fund Compliance Report	X	X	X	X
Internal Audit Plans & Update (Incl. COP 14 Update)		X		
External Audit Plans, Accounts & Governance Report	X		X	
Pension Board Budget		X		
Benchmarking Update (CIPFA/SAB etc)	X		X	
Avon Pension Fund Service Plan 17/18			X	
Pension Board Annual Report			X	X
Review of Communications Strategy				X
Review of Statutory Investment Strategy Statement		X		
Review of Valuation & Funding Strategy				X
Review of Data Integrity & Action Plans		X		
Review of GDPR (Data Protection) & IT Security		X	X	
Review of Complaints/IDRP Procedures			X	
Review of Governance Compliance Statement				X

Avon Pension Fund – Local Pension Board – Annual Report

Appendix 1 – Local Pension Board – Actions & Decisions

	Area	Action
2nd November 2016	Pension Committee and Investment Panel Minutes	Resolved: Noted
	LGPS Developments	Noted report & latest developments
	Project Brunel	Note the update
	Compliance Report	Noted Performance Indicators and Customer Satisfaction feedback for 3 months to 30 September 2016 & Data Improvement Plan. 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.
	Code of Practice 14 Update	To note the outcome of the review of the TPR's Code of Practice No 14 and latest position against best practice.
	Actuarial Valuation Update	Note the Update
	GAD Section 13 Update on LGPS Funds	Note the Report
	Risk Management Update	Note the Report
	Training & Workplan Update	Note the report and endorse the high-level training and work plans outlined and that a table of LPB members training from appointment to the end of 2016 would be presented at the next meeting
16th February 2017	Pension Committee and Investment Panel Minutes	Resolved: Noted
	LGPS Developments	Note the report
	Project Brunel Update	Note the report

Avon Pension Fund – Local Pension Board – Annual Report

	Investment Strategy Statement Update	To request the Head of Business, Finance and Pensions to circulate the investment strategy statement to Pension Board members to enable them to comment on its compliance with DCLG statutory guidance. The statement will then be submitted to the Pensions Committee for consideration along with any comments received.
	Valuation Update Report	Note the outcome of the actuarial valuation 2016
	Compliance Report	To Note a) the membership data, employer performance and Avon Pension Fund performance for the 3 months to 31 December 2016. (b) Progress and reviews of the TPR Data Improvement Plan.
	Benchmarking Update	Note the Report
	Risk Management	To note the report and to receive the full risk register including the top 10 risks at the next meeting.
	Internal Audit Update	To note the report and outcomes from Internal Audit work.
	Training, Work Plan & Budget Updates	To request that the following areas be included in the B&NES Council Audit Plan for 2017/18: a) Pensions Investments b) Pensions Administration – System Calculations c) Pensions Administration – Employer Contributions d) Pensions Governance (COP 14) e) Pensions Payroll To note the report and to endorse the high level Training and Work Plans outlined in Appendices 1 and 2 of the report and the indicative budget at Appendix 3. To receive future training as a group on the governance relating to the Brunel Project.
23rd May 2017	Pension Committee and Investment Panel Minutes	Resolved:
		Noted
	LGPS Developments	To note the report and latest developments

Avon Pension Fund – Local Pension Board – Annual Report

	Project Brunel Update	Note the update and that a future board meeting will receive a briefing on the proposed future governance framework of the Avon Pension Fund and Brunel Pensions Partnership
	External Audit Update	Note the Audit Plan for year ended March 2017
	Investment Strategy Statement	Note the Investment Strategy Statement To welcome the positive response of the Pension Committee to comments from the Pension Board regarding the Investment Strategy Statement, and the plans for future updates To note the assessment of current compliance with the Investment Strategy Statement with the regulations
	Pension Fund Service Plan	Note the three year service plan and budget for 2017-20 for the Avon Pension Fund
	Compliance Report	To Note a) the membership data, employer performance and Avon Pension Fund performance for the 3 months to 31 March 2017. (b) Progress and reviews of the TPR Data Improvement Plan. c) That the compliance report and improvement plan be afforded greater scrutiny at future meetings
	Risk Register	Note the report and Board recommendations regarding the risk register
	Annual Report	To delegate authority to the Chairman of the Board to finalise details of the report to enable key messages to feed into the annual report of the Avon Pension Fund and the final document will be considered at the Board's next meeting.
	Training & Work Plan Updates	To note the report and endorse the high level training and work plans outlined To hold a workshop regarding the compliance report immediately prior to the next meeting
27th July 2017	Pension Committee and Investment Panel Minutes LGPS Developments	Resolved:

Avon Pension Fund – Local Pension Board – Annual Report

	Project Brunel Update	
	Transparency Code Update	
	SAB Survey	
	Compliance Report	
	Risk Register	
	GDPR Update	
	LPB Annual Report	
	Training & Work Plan Updates	

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Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	27 th July 2017	AGENDA ITEM NUMBER
TITLE:	Training, Work Plan & Budget Update	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Outline Training Plan		
Appendix 2 – Outline Work Plan		

1 THE ISSUE

- 1.1 The purpose of this report is to receive regular 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 1 and 2 and present their own feedback at the meeting.

2 RECOMMENDATION

That the Board

- 2.1 Notes the report and endorses the high level Training and Work Plans outlined in Appendices 1 and 2.

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 1 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 2 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.

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.

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

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

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**

AGENDA ITEM	23/05/17	27/07/17	07/11/17	15/02/18	24/05/18	19/07/18
Conflicts of Interest Declarations	X	X	X	X	X	X
Training & Work Plan Update (Incl. Annual Plan)	X	X	X	X	X	X
Avon Pension Fund Committee & Investment Panel Minutes	X	X	X	X	X	X
LGPS Developments & Updates	X	X	X	X	X	X
Risk Register Update	X	X	X	X	X	X
Project Brunel Update	X	X	X	X	X	X
Review of Pension Fund Annual Report			X			
Compliance Report	X	X	X	X	X	X
Internal Audit Plans & Update				X		
External Audit Plans & Update	X				X	
Benchmarking Update (CIPFA/SAB/TPR)		X		X		
Avon Pension Fund Service Plan	X				X	
Annual Review of Communications Strategy						X

AGENDA ITEM	23/05/17	27/07/17	07/11/17	15/02/18	24/05/18	19/07/18
Review of Statement of Investment Principles (Statutory Investment Strategy Statement)	X			X		
Review of Valuation & Funding Strategy				X		
Review of Data Integrity & Action Plans			X			
Review of GDPR & IT Security		X		X		
Review of Governance Compliance Statement					X	
Review of compliance with TPR COP 14			X		X	
Review of outcome of GMP reconciliation						X
Review of Complaints/IDRP Procedures					X	