

Pension Board

Date: Thursday, 15th February, 2018

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



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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:-**

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

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Pension Board - Thursday, 15th February, 2018
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 PREVIOUS MEETING: 7TH NOVEMBER 2017 (Pages 5 - 12)
8. PENSION BOARD ACTION LOG (Pages 13 - 14)
9. MINUTES OF THE MEETING OF THE AVON PENSION FUND COMMITTEE OF 8TH DECEMBER 2017

The Minutes of the APF meeting of the 8th December 2017 can be found at:

<https://democracy.bathnes.gov.uk/ieListDocuments.aspx?CId=212&MId=4257&Ver=4>
10. MINUTES OF THE APF INVESTMENT PANEL MEETING OF 13TH NOVEMBER 2017

The Minutes of this meeting can be found at:

<https://democracy.bathnes.gov.uk/ieListDocuments.aspx?CId=213&MId=4763&Ver=4>
11. LGPS UPDATE REPORT (Pages 15 - 34)
12. BPP VERBAL UPDATE (Pages 35 - 36)

13. COMPLIANCE REPORT (Pages 37 - 58)
14. PENSION ADMINISTRATION LEGAL TIMESCALES
A paper will be tabled at the meeting.
15. PENSION ADMINISTRATION: MEMBER ADDRESSES (Pages 59 - 64)
16. INTERNAL AUDIT UPDATE (Pages 65 - 92)
17. RISK MANAGEMENT UPDATE (Pages 93 - 98)
18. TRAINING AND WORKPLAN UPDATE (Pages 99 - 104)
19. FORWARD LOOK
20. DATE OF NEXT MEETING

The next meeting of the Board is scheduled to be held on Thursday, 24th May 2018 in the Kaposvar Room, Guildhall, Bath.

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, 7th November, 2017

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

Also in attendance: Tony Bartlett (Head of Business, Finance and Pensions), Jeff Wring (Head of Audit West), Geoff Cleak (Pensions Manager), Carolyn Morgan (Employer Services Manager) and Kathryn Shore (Member Services Manager)

44 EMERGENCY EVACUATION PROCEDURE

The Democratic Services Officer advised the meeting of the procedure.

45 APOLOGIES FOR ABSENCE

Apologies were received from David Yorath (Member Representative).

46 DECLARATIONS OF INTEREST

There were none.

47 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

48 ITEMS FROM THE PUBLIC

There were none.

49 ITEMS FROM MEMBERS

There were none.

50 MINUTES OF THE MEETING OF 27 JULY 2017

It was noted that the paragraph beginning *“The Investment Manager drew attention to the information about the BPP response...”* on pages 3-4 of the Minutes (agenda pages 7-8) had been duplicated on page 4 (agenda page 8). The duplicate paragraph should be deleted. Subject to this amendment the Minutes were approved as a correct record and signed by the Chair.

The following Matters Arising were noted:

Page 5 (agenda page 9): ‘a “wiring diagram should be produced showing the new organisation structures”: this appeared under item 12 on today’s agenda.

Page 6, first paragraph: contacts with other Funds re reporting year-end breaches: the Chair asked whether there had been any further contacts with other funds. The Pensions Manager confirmed there had only been contact with Cornwall Pension Fund. The Chair said that he was keen that the Avon Fund should benchmark itself against other Brunel Funds in the reporting of breaches. He requested that an email be sent to the other funds asking them whether they had reported breaches to TPR, and that a report be made at the next meeting. Avon Fund should have an idea of whether it was being too lenient in respect of breach reporting. The Employer Services Manager said that Cornwall had attempted to report a breach, but TPR had referred it back to them. The Chair said that this was interesting information in the light of the discussion about TPR at the training session; we should try to find out if other funds had had similar experiences. He suggested that the Avon Fund might try a test breach report to TPR to see whether it added to other evidence of how the current regime for breach reporting is working.

Page 6, second paragraph: “*recommendation that the 84% of employers who did not attend the Employers’ Conference should be asked the reasons for non-attendance*”. The Pensions Manager said that a survey form had been sent to employers, to which there had been about six responses. Reasons given for non-attendance included that it had been the wrong time of year, and that there had been clashes with other meetings. Information about the next conference had been sent to employers. The Head of Business, Finance and Pensions said the conference was not an effective means of engagement with certain employers: the fact that the conference was held during the day and that smaller employers found it difficult to spare staff made attendance difficult in many cases. The Chair urged that pressure be kept on employers who were failing to engage with the Pensions Service.

Page 7, item 32, resolution: wording of ISS: the Head of Business, Finance and Pensions said that this would be addressed in the new ISS, which would go to the December meeting of the APF Committee and be circulated to the Pension Board beforehand.

Page 9, item 34: adoption by APF of the Transparency Code: it was agreed that information on this and which APF fund managers had not signed up would come to the next meeting of the Board.

Page 11, item 37: **RESOLVED** that the workload impact and resource consequences of rising numbers of employers joining the fund should be reviewed by the Administering Authority. It was noted this was a matter for the Pensions Committee to decide in the forthcoming review of the Fund administration strategy.

Page 11, item 38: GDPR implementation: it was noted a report on this would come to the next meeting.

Page 12, item 39: Pension Board Annual Report: this had been published on the APF website.

51 CHAIRMAN'S INTRODUCTION - VERBAL UPDATE

The Chair welcomed Cllr David Veale, Chair of the Avon Pension Fund Committee, as a guest to the meeting.

The Chair summarised what he thought were the key issues that arose from the training session that had preceded today's meeting, which should be followed through in future meetings of the Board. These were:

- the Administration Strategy including charging policies for additional work caused by employers: this was due for review and would come to the next meeting of the Board.
- The Board should receive information on the legal timeframes the Fund has to comply with for all scheme member administration processes at its next meeting.
- Full compliance with all statutory timescales and Service Level Agreement timescales would require service choices to be made; because of the linkage of this issue to the Administration Strategy, recommendations should also come to the next meeting of the Board.
- Employers who repeatedly failed to supply timely and accurate information: the Board had encouraged Pensions Administration to think about reporting the three organisations mentioned in the training session to TPR.
- Tolerances for TPR reporting: the Board had encouraged Pensions Administration to revisit the definition of green, amber and red tolerance levels, which were viewed as too lenient.
- When the Scheme Advisory Board publishes the findings of its review of Local Pension Boards, the Board should give feedback of areas where it considers that the DCLG needs to amend LGPS regulations and the SAB needs to do more with TPR to improve efficiency and effectiveness.

Members agreed that this was a good summary of the main issues that had emerged from the training session.

52 DRAFT MINUTES OF THE MEETING OF THE APF INVESTMENT PANEL 4 SEPTEMBER 2017

RESOLVED to note the draft public and exempt minutes of the APF Committee Investment Panel of 4 September 2017.

53 DRAFT MINUTES OF THE APF COMMITTEE MEETING OF 22ND SEPTEMBER 2017

RESOLVED to note the draft public and exempt minutes of the APF Committee meeting of 22 September 2017.

54 LGPS UPDATE REPORT

The Technical and Compliance Advisor presented the report. He said there had been little movement on many issues, including exit payments. DCLG was suffering from a serious lack of legal resources.

The Chair said that he had recently attended a meeting at which DCLG had presented, and they had said that DCLG was not contemplating making any regulatory changes to LGPS while the Brexit process was ongoing, that is until at least 2019/20, and they were seeking help from the Scheme Advisory Board and the Technical Group to produce interim guidance which would not have to go through Parliament. The Technical and Compliance Advisor confirmed that the Technical Group would try to fill the gaps in current regulations/guidance within their current work programme. The Chair requested that the Members be kept updated on any new circulars or interim guidance issued.

The Chair said TPR was issuing new guidance all the time, including that week in relation to how funds should measure if scheme members had 100% common data scores. Members should try to keep up to date on what TPR was issuing and the implications for the Fund and its resourcing.

RESOLVED to note the report and developments.

55 BRUNEL PENSION PARTNERSHIP UPDATE - PRESENTATION

The Head of Business, Finance and Pensions updated the Board.

He reported that State Street had been appointed Custodian for BPP the previous month, which will replace the existing arrangements across the BPP funds. The partner funds' assets were now being transitioned to State Street. It was hoped that transition would be completed by 31st March 2018. Once the process is complete, tenders would be issued for new asset managers to whom to transfer the funds, which might take another two years. The main concern at the moment was that the Fund should not lose track of any of its assets during the transition process. The appointment of senior officers was ongoing. Four officers from the APF Investment Team had left to join Brunel. The Investment Manager and another member of the Team had remained with the Fund; a retention package had been put in place because of the competition from other funds.

He referred to the Brunel governance arrangements chart on agenda page 34. He said that the administering authorities of the ten Brunel funds took different approaches to allocating shareholder responsibility. For some it lies with the S151 Officer, for others with the Committee Chair, for others, like Bath and North East Somerset, with the Council Leader. The Oversight Board comprises one representative of each fund and two independent members. It had its first meeting in September, and considered remuneration policy and contingency funding for the transition plan. Agendas for the Oversight Board are prepared by the Client Group, which comprises senior investment officers from each of the member funds. The Client Group has the responsibility of monitoring whether the Brunel Company is complying with its contractual obligations. A number of events for stakeholders were planned for the coming months. He said that the structure diagram did not show the

level of communication that was actually taking place, nor the internal structure of the Brunel company, for example a Board of Directors, a Remuneration Committee, a Risk Committee and an Investment Committee. The company is going through the process of achieving FCA approval at the moment. Also ongoing is the process for the funds to achieve professional investor status under MIFID II.

Members asked questions to which the Head of Business, Finance and Pensions responded:

- The development of a communication plan for stakeholders had been deferred for the time being because so much was going at the moment. There was information available on the Brunel website. Brunel now produced a newsletter, which was available on the website. There were Brunel stakeholder events on 14th, 15th and 17th November.
- The establishment of Brunel had no impact on the responsibilities of the APF Committee. The responsibilities of Brunel were operational.
- The question of whether papers and minutes of the Oversight Board were in the public domain or would be provided as confidential documents to BPP LPBs would be raised with the Oversight Board. The Pension Board hoped this issue would be resolved and reported to its next meeting.

RESOLVED to note the update.

56 COMPLIANCE REPORT

The Pensions Manager presented the report. He drew attention to Appendix 2, asking the Board to note the overall improvement in the number of cases completed within five days of SLA targets over the last quarter.

A Member acknowledged the improvement, but the majority of SLA targets were in red and had not been met. He suggested that the addition of some explanation and narrative would make the report more intelligible to outsiders. The Head of Business, Finance and Pensions suggested the report should indicate that all statutory standards had been achieved. The Chair responded that the evidence of that should be provided in future compliance reports. Is the Fund complying with the public service pension scheme record keeping and disclosure regulations? Evidence should be provided in future reports.

The Chair asked the meaning of 'undecided' in Annex 4. The Pensions Manager explained that these were people who had left the Fund, and had not decided whether they wanted a refund of their accrued pension benefits, or to leave them in the Fund, or to transfer to them to another fund.

The Chair said that he was very concerned by the number of scheme members for whom correct addresses were not held. There were over 6,000 of these, and the number had been at this level for some time. There was a regulatory requirement that the administering authority should have this information as common data. He suggested that Pensions Administration should prioritise the acquisition of this information. The Employment Services Manager responded that the number had in

fact gone up in the latest period though as much resource as possible was put into acquiring this information. The Chair responded that the allocation of administrative resources was not a matter for the Board. The Head of Business, Finance and Pensions suggested that responsibility should be on the individual to provide this information. The fact is that the scheme manager has an overriding legal responsibility to hold the common data and TPR has zero tolerance for missing scheme member common data and this needed to be addressed with greater priority. By way of example, an adjacent fund has only 0.3% of missing addresses for deferred members, while APF has a very high proportion of 12%.

The Communications and Public Relations Manager drew attention to the proposal for improving member and employer feedback surveys given in Appendix 6A. The Board welcomed the proposal. The Chair said that the Board would be particularly interested in the response levels to the various feedback opportunities. It should also be borne in mind that scheme members who did not respond were equally important.

The Chair expressed his thanks for the high level of granularity in the reports, which considerably helped the Board to perform its functions.

RESOLVED:

1. To note membership data, Employer Performance and Avon Pension Fund Performance for the 3 months to 30 September 2017.
2. Future compliance reports should present administration performance data against both statutory timescales and SLA timescales.
3. To note progress and reviews of the TPR Data Improvement Plan and to recommend that the Administering Authority be recommended to prioritise resources to rectify the gaps in missing scheme member data.

57 BENEFIT STATEMENT UPDATE

The Pensions Manager presented the report. He said that the issue of Annual Benefit Statements was always a difficult exercise because of the need to check data with all employers by a tight deadline. He thought that a comparison of this year's performance with last year's showed that things were moving in the right direction.

A Member noted that that the percentage of B&NES employees for whom data was missing was 5-6 times higher than for the other Unitaries. The Employer Services Manager said that she was working very closely with B&NES to improve this; the problems were related to the establishment control system.

The Chair asked for the next report on the Annual Benefit Statement to include information on employers who repeatedly failed to provide correct data for the last three years. If employers were still failing to provide correct data after three years of encouraging them and offering them training, and warning them of being reported to TPR, then it was time to press a bit harder, and if necessary report them to TPR in 2018.

RESOLVED to note the report and the ABS compliance and TPR reporting strategy for 2018.

58 RISK REGISTER UPDATE

The Pensions Manager presented the report. He highlighted Risk 9 “System Failure” and the 17-week project plan for the implementation of a technical platform change for payroll support.

A Member commented that Risk 7 “Staffing” was common to all local authorities at the moment, and asked what APF’s strategy was to address this risk. The Head of Business, Finance and Pensions replied that a full evaluation would be done of the Investment Team, including pay structures.

The Chair said that with the continuing increase in the number of employers in the Fund, including a 10-fold increase in smaller employers, it might be desirable to put extra staff in place now to stay ahead of the game. The Head of Employment, Business and Finance Pensions replied that it should be remembered that additional staff would increase the costs to be funded from contributions; at the last valuation contributions were increased by 0.5% because of additional administration costs. The Chair said that the Board was aware that there was a balance to be struck between achieving compliance and the cost of doing so, and recommended the Pension Committee should consider how legal compliance could be achieved by reprioritisation of resources.

RESOLVED to note the report.

59 TRAINING AND WORK PLANS

The Head of Audit West presented the report. He requested Members to send in their training logs by the end of the calendar year.

The Chair drew attention to the half-day Local Pension Board training session hosted by CIPFA in Cardiff later this month. CIPFA was very active in LPB issues.

It was agreed that training on how the projected cost savings from Brunel Pension Partnership were being assessed, monitored and independently audited would be useful, and that it would be taken forward in 2018.

RESOLVED to note the report and to endorse the high-level Training and Work Plans outlined in Appendices 1 and 2.

60 FORWARD LOOK

The Chair said the Board would look at the Administration Strategy and other issues flagged up under agenda items at a future meetings.

61 DATE OF NEXT MEETING

It was noted that the next meeting would be held at 2pm on 15 February 2018 in the Kaposvar Room, Guildhall, Bath. Steve Harman presented his apologies for this meeting.

The meeting ended at 3.23 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

Avon Pension Fund Local Pension Board Action Log

A full action-tracker showing complete and pending items is included to monitor progress from the last Pension Board meeting. Actions identified prior to this are included only where they remain outstanding.

RAG progress rating	
Green	Completed
Amber	In progress
Red	Outstanding
Blue	Open

Ref	Action	Who	Deadline	Comments	Completed
	November 2017				
1.0	the Administration Strategy including charging policies for additional work caused by employers: this was due for review and would come to the next meeting of the Board	Admin GC	Feb 18	The Pensions Administration Strategy is planned for review in Spring 18	
1.1	The Board should receive information on the legal timeframes the Fund has to comply with for all scheme member administration processes at its next meeting.	Admin GC	Feb 18	Information on legal timeframes will be tabled for discussion at February meeting	
1.2	Full compliance with all statutory timescales and Service Level Agreement timescales would require service choices to be made; because of the linkage of this issue to the Administration Strategy, recommendations should also come to the next meeting of the Board.	Admin GC	Feb 18	The Fund is in the process of developing performance reports to measure against statutory timeframes. Expected May 18	
1.3	Employers who repeatedly failed to supply timely and accurate information: the Board had encouraged Pensions Administration to think about reporting the three organisations mentioned in the training session to TPR.	Admin GC		Noted – see Compliance report 9.4 & 9.5	
1.4	Tolerances for TPR reporting: the Board had encouraged Pensions Administration to revisit the definition of green, amber and red tolerance levels, which were viewed as too lenient.	Admin GC		Noted & revised	
1.5	When the Scheme Advisory Board publishes the findings of its review of Local Pension Boards, the Board should give feedback of	LPB		Awaiting SAB Report	

	areas where it considers that the DCLG needs to amend LGPS regulations and the SAB needs to do more with TPR to improve efficiency and effectiveness.				
1.6	The Board have requested APF to contact other Funds within BPP to ask whether they had reported breaches to TPR	Admin GC	Feb 18	Not actioned – APF will send communication and report next PB	

Bath & North East Somerset Council	
MEETING:	LOCAL PENSION BOARD
MEETING DATE:	15th February 2018
TITLE:	LGPS Update – Latest Developments
WARD:	ALL
AN OPEN PUBLIC ITEM	
List of attachments to this report:-	
Appendix 1	Summary of Consultations and Surveys
Appendix 2	TPR Governance Survey 2017 – APF/PB Response

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 FEB 2018 (Appendix 1)

Organisation	Subject	Link	Comments
HM Treasury	Pensions scams: consultation	https://www.gov.uk/government/consultations/pension-scams/pensions-scams-consultation https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/638844/Pension_Scams_consultation_response.pdf	<p>Awaiting response to consultation</p> <p>Government Response issued August 2017 outlines key areas</p> <p>a ban on cold calling in relation to pensions, to help stop fraudsters contacting individuals</p> <p>limiting the statutory right to transfer to some occupational pension schemes</p> <p>making it harder for fraudsters to open pension schemes</p>
UPDATED	Indexation and equalisation of GMP in public service pension schemes Published on 28 November 2016 Consultation ended 20 February 2017	https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes/consultation-on-indexation-and-equalisation-of-gmp-in-public-service-pension-schemes	<p>APF responded to consultation in Feb 2017 On 22 January 2018, HMT published its response to the consultation.</p> <p>The government has been implementing an “interim solution” between 6 April 2016 and 5 December 2018. The consultation directs that this solution will be extended for a further two years and four months. This will cover those members of public service schemes with a GMP who reach state Pension Age on or after 6 December 2018 and before 6 April 2021. During this period, the government will investigate the possibility of an alternative long-term methodology, known as “conversion”.</p> <p>The extension will impact on Transfer and Divorce calculations once a revised Ministerial Directive allows the guidance to be updated</p>
	Reforms to public sector exit payments: response to the consultation	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	<p>Put back as a result of General Election and lack of Parliamentary time</p> <p>Further consultation on the claw back for re-employment in first year and setting the exit cap at £95k are still awaited</p> <p>The third more broader proposals in the third consultation no further development on these</p>
HM Revenues & Customs	Revenue and Customs Brief 14 (2016): VAT, Deduction of VAT on pension fund management costs following Court of Justice of the European Union	https://www.gov.uk/government/publications/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-	<p>Changes to the reclamation of VAT on fund management costs may affect LGPS funds once pooling is in place. These changes were originally due with effect from 1st January 2017 but have now been pushed back to 1st January 2018. Project Brunel will be keeping an eye</p>

	decision in PPG	management-costs-following-court-of-justice-of-the-european-union-decision/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision	on how it is evolving and take appropriate advice. Consultation closed 31 December 2017
MHCLG	DCLG is now MHCLG		As a result of the recent Government reshuffle the Department was renamed Ministry of Housing, Communities and Local Government
	LGPS Regulations: Draft Amendment Regulations with Best Value & Fair Deal consultation and freedom and Choice options	https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations	This consultation covered Best Value and Fair Deal for the transfer of staff.. Changes to regulations for Freedom and Choice The other amendments were operational Some movement on Consultations is expected later in 2018
UPDATED	MHCLG Resources		MHCLG have staffing pressures where a member of staff has left and will not be replaced Have Con Hargeaves has been seconded from LGA for an initial 6 months period primarily to work on the Best Value / Fair Deal amendments
New	Insolvency regime for further education and sixth form colleges technical consultation	Technical and Further Education Act 2017 http://www.legislation.gov.uk/ukpga/2017/19/contents Consultation https://consult.education.gov.uk/fe-college-quality-and-resilience-team/fe-insolvency-regime/	In July 2016 the Department for Business, Innovation and Skills (BIS) published a consultation to develop an Insolvency Regime for the Further Education and Sixth Form College Sector. Following changes in departmental responsibilities, this consultation was later taken over by the Department of Education. The to the consultation on 5 August 2016, LGA responded raising concerns that all steps are taken to prevent any risk arising that the pension liability of a college falls on to other employers in an LGPS fund, and ultimately the taxpayer. the Technical and Further Education Act 2017 set out the framework for an insolvency regime, which applies aspects of existing insolvency law to further education and sixth form colleges in England and Wales. A further consultation (which opened on 18 December 2017 and closes on 12 February 2018) from the Department of Education, seeks views on the technical detail of the

			insolvency regime and sets out proposals as to how colleges at risk of (or in) insolvency will be dealt with in practice. It also outlines plans to further improve monitoring and support available to colleges in financial difficulty.
UPDATED	Co habiting Partners Update Elmes v Essex CC		As a result of the Brewster court case in Northern Ireland there was some uncertainty as to whether this could be applied to the LGPS in England and the result of this subsequent case was awaited It was declared that <i>“The requirement to nominate a person under regulations 24 and 25 of the LGPS (Benefits, Membership and Contributions) Regulations 2007 is incompatible with Article 1 of the first Protocol to, and Art 14 of, the European Convention on Human Rights and must therefore be disapplied”</i> . The outcome of this case effectively removes the requirement for a nomination form from regulations and enables an LGPS administering authority to pay a partner’s pension, to the partner (who meets the definition of co-habiting partner set out in schedule 1 of the LGPS Regulations 2013) of a deceased member who died without completing a nomination form, and it is therefore required that all such cases within the period 1 April 2008 to 1 April 2014 are reassessed. The 2013 scheme regulations do not have this restriction.
The Pension Regulator (TPR)	TPR provides guidance for trustees setting and monitoring investment strategies PN17-12 [30/03/2017] Clarification sought from TPR on LGPS implications [27/4/2017] (Follow up sent 30/05/2017)	http://www.thepensionsregulator.gov.uk/press/pn17-12.aspx Response from TPR	As part of its strategy to produce simpler guidance for occupational pension schemes, The Pensions Regulator (TPR) has recently published new investment guidance for trustees. The guidance was developed for trust-based DB schemes and is not explicitly for LGPS funds, but some of the principles will apply to LGPS funds so they may wish to consider it as appropriate.
	Public Sector pensions website update	http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx	The Regulator dedicated public sector web pages provides a wealth of information regarding its Code of Practice 14 and public service toolkit. The toolkit which provides a foundation to effective scheme governance and administration has been updated and additional guides and checklist published.
	Annual survey of public sector schemes	http://www.thepensionsregulator.gov.uk/docs/public-service-research-2017.pdf	The 2017 annual benefit statements were despatched and the Fund will be considering the findings of the Regulator’s 2016 annual survey results and any actions required to be implemented relating to governance, internal controls, record keeping and member communication.

Information Commissioners Office	General Data Protection Regulations (GDPR)	https://ico.org.uk/for-organisations/dataprotection-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>Avon Pension Fund is working closely with other depts. In B&NES and seeking cooperation with other Funds in developing project plans, Sessions have been held with the Chief Auditor. The Pensions Manager is involved within the B&NES process for rolling out.</p> <p>LGA on behalf of LGPS Administering Authorities, have commissioned Squire Patton Boggs to produce the following. Expected in March 2018.</p> <ol style="list-style-type: none"> 1. 'Template privacy statements' specifically for LGPS administering authorities that administering authorities can use /adapt: <ol style="list-style-type: none"> a. A detailed privacy notice – setting out the information to be provided under articles 13 and 14 of the GDPR. b. A summary privacy notice for use in newsletters / annual benefit statements etc. – 2. A memorandum of understanding document for employers - the aim of this document is to set out that participating employers in the LGPS are able to share data with the LGPS administering authority without a data sharing agreement being in place (i.e. that there is no legal requirement for employers to have a data sharing agreement with LGPS administering authorities as they are both data controllers).
Financial Conduct Authority (FCA) UPDATED	CP16/29: Markets in Financial Instruments Directive II implementation – Consultation Paper III	https://www.fca.org.uk/publication/consultation-papers/cp16-29-mifid-ii-implementation	<p>The FCA will be issuing its response and any changes to the criteria to enable LGPS funds to opt up more easily by end of June 2017.</p> <p>The FCA has set the opt up criteria to take the LGPS decision making characteristics into account. The opt up template for LGPS funds has been issued. Funds are required to opt up before 1 Jan 2018</p>
Scheme Advisory Board(SAB)	Academies' review	http://www.lgpsboard.org/index.php/structure-reform/review-of-academies	<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>

consultation	Academies		<p>The next stage will be to gather relevant evidence and develop specific proposals for change that the Board will consider before submitting its recommendations to Ministers for their consideration.</p> <p>The SAB is undertaking work to set out options for managing the academy sector within the LGPS. The have published a consultation on the objectives for the next stage of the consultation. The Fund's response was approved at Sept 2017 Pensions Committee.</p>
consultation	Cross Pooling		<p>The SAB has agreed in principle to establish an elected member led Cross Pool Forum to share and disseminate information on the pooling of LGPS assets. The consultation covers the remit, membership and frequency of the proposed forum. The same consultation also seeks views on whether a one off open session on progress towards pooling should be organised for chairs of committees and boards. The Fund's response was approved at Sept 2017 Pensions Committee.</p>
NEW	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 tier 3 employer project carried out by Aon Hewitt– extension of surveys deadline to 31 January 2018 APF have completed survey</p> <p>SAB will then assess the risks to Funds and consider next steps.</p>

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Those highlighted in Grey are those previously reported but no further developments or updates have occurred

These will then be removed from next list unless further developments are expected

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Public Service Governance Survey 2017

Please answer these questions in relation to LGPS - AVON

The Pensions
Regulator

Section A - Basic information

QA1 Which of the following best describes your role within the pension scheme?

- Scheme manager or representative of the scheme manager*
- Pension board chair
- Pension board member
- Administrator
- Other (please specify)

* In this survey 'scheme manager' refers to the definition within the Public Service Pensions Act, e.g. the Local Authority, Fire and Rescue Authority, Police Pensions Authority, Secretary of State/Minister or Ministerial department

Section B - Governance

The first set of questions is about how your pension board works in practice.

QB1 Does your scheme have a documented policy to manage the pension board members' conflicts of interest?

- Yes
- No
- Don't know

QB2 Does your scheme maintain a register of pension board members' interests?

- Yes
- No
- Don't know

QB3 How often does your pension board meet?

- At least monthly
- At least quarterly
- At least every six months
- At least annually
- Less frequently than annually
- Don't know

QB4 How often does the scheme manager, or a representative of the scheme manager, attend pension board meetings?

- Every time the pension board meets
- As required
- Rarely
- Never
- Don't know

QB5 Thinking about the interaction between the pension board and the scheme manager (or representative of the scheme manager), which of the following apply to your scheme?

Please select all that apply and use the 'Other' option to specify any other ways in which the pension board and scheme manager interact

- The scheme manager commissions advice from the pension board
- The pension board submits written reports to the scheme manager
- The pension board chair has face-to-face meetings with the scheme manager
- Other (please specify)
- Don't know

Agenda strategy planning -re meeting prior to each pension board meeting

QB6 Has the pension board done any of the following?

Please select one answer per statement

	Yes - in last 12 months	Yes - but not in last 12 months	No - not needed to do this	No - not done this	Don't know
Identified to the scheme manager where there are poor standards and/or non-compliance with legal requirements	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Set out recommendations to the scheme manager on addressing poor standards and/or non-compliance with legal requirements	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Advised the scheme manager on scheme regulations, the governance and administration requirements set out in legislation, and the standards expected by TPR	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Taken or secured actions to address poor standards and/or non-compliance with legal requirements	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

QB7 Do the scheme manager and pension board have sufficient time and resources to run the scheme properly?

- Yes
- No
- Don't know

QB8 Do the scheme manager and pension board have access to all the knowledge, understanding and skills necessary to properly run the scheme?

- Yes
- No
- Don't know

QB9 Does the scheme manager or pension board carry out a regular evaluation of the performance and effectiveness of the board as a whole?

- Yes
- No
- Don't know

Section C - Managing Risks

The next set of questions is about managing risks.

QC1 Does your scheme have documented procedures for assessing and managing risk?

- Yes
- No
- Don't know

QC2 Does your scheme have a risk register?

- Yes
- No
- Don't know

QC3 To what do the top three governance and administration risks on your risk register relate?

Please select up to three options below

- Funding or investment
- Record keeping
- Guaranteed Minimum Pension (GMP) reconciliation
- Securing compliance with legislation
- Employer compliance
- Lack of resources/time
- Recruitment and retention of staff or knowledge
- Lack of knowledge, effectiveness or leadership among key personnel
- Poor communications between key personnel (board, scheme manager, administrator, etc.)
- Failure of internal controls
- Systems failures (IT, payroll, administration systems, etc.)
- Administrator issues (expense, performance, etc.)
- Other (please specify)
- Don't know

Data Protection - failure to secure and manage data in accordance with statutory obligations

QC4 How often do you review the scheme's exposure to new and existing risks?

- At least monthly
- At least quarterly
- At least every six months
- At least annually
- Less frequently than annually
- Don't know

QC5 Which of the following best describes your administration services?

- Delivered in house
- Outsourced to another public body (e.g. a county council)
- Outsourced to a commercial third party
- Other
- Don't know

QC6 Which of the following do you use to monitor and manage the performance of your administrators (whether in-house or outsourced)?

Please select all that apply

- Performance metrics are set out in contracts or service level agreements
- Administrators provide independent assurance reports
- Independent auditors review the performance of administrators
- Administrators deliver regular reports to the scheme manager and/or pension board on the service provided
- Administrators attend regular meetings with the scheme manager and/or pension board
- Penalties are applied where contractual terms or service standards are not met
- Other
- Don't know

Section D - Administration and Record-Keeping Processes

The next set of questions is about administration and record-keeping.

QD1 How often does the pension board include administration as a dedicated item on the agenda at board meetings?

- Every time the pension board meets
- As required
- Rarely
- Never
- Don't know

QD2 Do you have processes in place to monitor scheme records for all membership types on an ongoing basis to ensure they are accurate and complete?

- Yes
- No
- Don't know

QD3 Does the scheme have an agreed process in place with the employer(s) to receive, check and review data?

- Yes
- No
- Don't know

QD4 What proportion of your scheme's employers...?

Please write in a percentage (0%-100%). If you do not know exactly, please give an approximate percentage.

A. Provide you with timely data?

%

B. Provide accurate and complete data?

%

QD5 Does the scheme have a process in place for monitoring the payment of contributions?

- Yes
- No
- Don't know

QD6 Does the scheme have a process in place for resolving contribution payment issues and assessing whether to report payment failures to TPR?

- Yes
- No
- Don't know

QD7 Which of these controls does your scheme have in place to ensure the security of members' data?

Please select all that apply

- Your scheme and the administrators have training in the principles of the Data Protection Act
- You have a process to ensure data breaches are reported to the administrator and by the administrator to the scheme manager
- The credentials of staff able to access scheme and member records are regularly reviewed
- Your scheme and the administrators are familiar with how to protect against cyber threat, e.g. familiarity with the government's Cyber Essentials guidance
- None of these
- Don't know

QD8 How are your records held?

- All electronically
- Mainly electronically but some held on paper
- Mainly held on paper
- All on paper
- Don't know

Section E - Data Review

QE1 Before completing this survey how familiar were you with the terms 'common data' and 'scheme specific (conditional) data'?

Common data are basic data items which are used to identify scheme members.

Scheme-specific (conditional) data are other data items needed to run the scheme e.g. to accurately calculate member benefits. This includes data required by scheme regulations or needed to comply with other pieces of legislation.

Please select one answer per row

	Very familiar	Quite familiar	Not very familiar	Not at all familiar	Don't know
A. Common data	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Scheme specific (conditional) data	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

QE2 Does your administrator currently measure your common data score and scheme specific (conditional) data score?

- Yes, they measure both the common and conditional data scores
- They only measure the common data score
- They only measure the conditional data score
- No, they do not measure either score
- Don't know

QE3 When did your scheme last carry out a data review exercise?

- Within the last 12 months
- More than 12 months ago
- Never
- Don't know

QE4 Did the data review look at any of the following?

Please choose all that apply

- Members' basic details (e.g. name, DOB & NI number)
- Address data
- Existence checks
- Salary or earnings data
- Member benefit data
- Key dates held on member records
- Contracted out data
- Other (please specify)
- None of these
- Don't know

QE5 Did your scheme's most recent data review exercise identify any issues or problems?

- Yes
- No
- Don't know

QE6 Has any action been taken to address the issues identified?

Please choose one answer that most closely describes the action your scheme has taken to date

- An improvement plan is in development
- An improvement plan is in place but rectification work is not yet complete
- An improvement plan has been put in place and rectification work has been completed
- Rectification work has been undertaken without an improvement plan
- No plan has been developed and no work has taken place
- Other (specify)
- Don't know

Section F - Communications

The next set of questions is about communicating to members and resolving issues or complaints the scheme has received.

QF1 In 2017, what proportion of active members received their annual benefit statements by the statutory deadline?

Please write in a percentage (0%-100%). If you do not know exactly, please give an approximate percentage.

%

QF2 Was the missed deadline for issuing active member statements reported to TPR?

- Yes - and Breach of Law report made
- Yes - but decided not to make a Breach of Law report
- No - not reported
- Don't know

QF3 How confident are you that member communications are accurate, clear, relevant and provided in plain English?

- Very confident
- Fairly confident
- Not very confident
- Not at all confident
- Don't know

Section G - Resolving Issues

QG1 In the last 12 months, how many complaints have you received from members or beneficiaries in relation to their benefits and/or the running of the scheme?

Please write in below. Number at B should be equal or lower than number at A.

A. Total number of complaints received:

B. Number of complaints that have entered the Internal Dispute Resolution (IDR) process:

QG2 To what did the top three types of complaints relate?

Please select up to three of the options below

- Eligibility for ill health benefit
- Slow or ineffective communication
- Inaccuracies or disputes around pension value or definitions
- Delays to benefit payments
- Disputes or queries about the amount of benefit paid
- Delay or refusal of pension transfer
- Inaccurate data held and/or statement issued
- Pension overpayment and recovery
- Other (specify)
- Don't know

Beneficiary Payments (Survivors Pensions/Death Grants)

Section H - Reporting Breaches

QH1 Does the scheme have procedures in place to allow the scheme manager, pension board members and others to identify breaches of the law?

- Yes
- No
- Don't know

QH2 In the last 12 months, have you identified any breaches of the law?

- Yes
- No
- Don't know

QH3 What were the root causes of the breaches identified?

Please select all that apply

Systems or process failure	<input type="checkbox"/>
Failure to maintain records or rectify errors	<input type="checkbox"/>
Management of transactions (e.g. errors or delays in payment of benefits)	<input type="checkbox"/>
Failure of employers to provide timely, accurate or complete data	<input checked="" type="checkbox"/>
Other employer related issues (please specify)	<input type="text"/>
Conflicts of interest	<input type="checkbox"/>
Lack of knowledge and understanding	<input type="checkbox"/>
Something else (please specify)	<input type="text"/>
Don't know	<input type="checkbox"/>

QH4 Are there procedures in place to assess breaches of the law, and report these to TPR if required?

- Yes
- No
- Don't know

QH5 In the last 12 months, have you reported any breaches to TPR as you thought they were materially significant?

- Yes
- No
- Don't know

Section I - Governance and Administration

The next set of questions is about your progress in addressing governance and administration issues.

QI1 To what do the main three barriers to improving the governance and administration of your scheme relate?

Please select up to three of the options below

- Lack of resources or time
- Complexity of the scheme
- The volume of changes that are required to comply with legislation
- Recruitment, training and retention of staff and knowledge
- Lack of knowledge, effectiveness or leadership among key personnel
- Poor communications between key personnel (board, scheme manager, administrator, etc)
- Employer compliance
- Issues with systems (IT, payroll, administration systems, etc)
- Other (please specify)
- There are no barriers
- Don't know

QI2 To what would you attribute any improvements made to the scheme's governance and administration in the last 12 months?

Please select all that apply

Improved understanding of underlying legislation and standards expected by TPR	<input type="checkbox"/>
Improved engagement by TPR	<input type="checkbox"/>
Improved understanding of the risks facing the scheme	<input type="checkbox"/>
Resources increased or redeployed to address risks	<input checked="" type="checkbox"/>
Administrator action (please specify)	Restructure of administration to pr
Scheme manager action (please specify)	
Pension board action (please specify)	
Other (please specify)	
No improvements to governance/administration in last 12 months	<input type="checkbox"/>
Don't know	<input type="checkbox"/>

Section J - TPR Products and Perceptions

The final set of questions is about your views of TPR and its materials.

QJ1 Have you used or are you aware of the following materials provided by TPR?

Please select one answer per row

	Used in last 12 months	Used but not in last 12 months	Aware of this but not used it	Not aware of this	Don't know
Public service section of the TPR website	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public service code of practice	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Guide to issuing annual benefit statements	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Guides to public service pension boards	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public service toolkit	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reporting breaches guidance	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Self-assessment tool	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Data improvement quick guide	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Example risk register	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quick guide to scheme return	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internal controls checklist	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Record keeping quick guide	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
News by email service	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

QJ2 How useful did you find each of the following TPR materials?

Please select one answer per material used

	Very useful	Fairly useful	Not very useful	Not at all useful	Don't know
Public service section of the TPR website	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public service code of practice	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reporting breaches guidance	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Data improvement quick guide	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internal controls checklist	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Record keeping quick guide	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

QJ3 When did you most recently visit TPR's website?

- In the last month
- 2-3 months ago
- 4-6 months ago
- 7-12 months ago
- More than a year ago
- Don't know / can't remember
- Have never visited the TPR website

QJ4 To what extent would you say you get what you want from the TPR website when you visit it? Would you say you typically...?

- Get everything you want
- Get most of what you want
- Get some of what you want
- Do not get what you want
- Don't know

QJ5 Thinking about your overall perception of TPR, to what extent do you agree or disagree with the following words as ways to describe TPR?

Please select one answer per row

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
Tough	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Efficient	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Visible	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fair	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Respected	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Evidence-based	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decisive	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clear	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Approachable	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

QJ6 Thinking now about how TPR operates, how effective do you think it is at improving standards in scheme governance and administration in public service pension schemes?

- Very effective
- Fairly effective
- Neither effective nor ineffective
- Not very effective
- Not at all effective
- Don't know

QJ7 In September TPR started an email campaign aimed at driving up the standards of governance in pension schemes. The campaign is also referred to as 21st century trusteeship. It outlines how people involved in running schemes can take action to meet the expected standards.

Do you remember receiving any emails about this from TPR?

- Yes
- I think so
- No
- Don't know

Section K - Attribution

Thank you for completing this survey. Your responses will help TPR understand how schemes are progressing and any issues they may face, which will inform further policy and product developments. Before you submit your answers, there are just four more questions about your survey responses.

QK1 What other parties did you consult with to complete this survey?

- Scheme manager or representative of the scheme manager
- Pension board chair
- Pension board member
- Administrator
- Other
- Did not consult with any other parties

QK2 To inform TPR's engagement going forward, they would like to build an individual profile of your scheme by linking your scheme name to your survey answers. This will only be used for internal purposes by TPR and your identity will not be revealed in any published report.

Are you happy for your responses to be linked to your scheme name and supplied to TPR for this purpose?

- Yes, I am happy for my responses to be linked to my scheme name and supplied to TPR
- No, I would like my responses to remain anonymous

QK3 And would you also be happy for the responses you have given to be linked to your scheme name and shared with the relevant scheme advisory board? This is to help inform the advisory boards of areas for improvement and to further their engagement with pension boards.

- Yes, I am happy for my responses to be linked to my scheme name and shared with the relevant advisory board
 No, I would like my responses to remain anonymous

QK4 Please record your name below. This is just for quality control purposes and will not be passed on to TPR.

Geoff Cleak - Pensions Manager

ENDS

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Brunel – Avon Pension Fund Risk Dashboard

Governance & Legal

Risk Area	Aspects	Status
Council sign off of Full Business Case	Complete	Complete
Key legal documents	<ul style="list-style-type: none"> Articles of Association, Shareholders Agreement, Services Agreement Pricing Policy, Remuneration Policy, Exit Policy, Funding Policy 	Green – Services Agreement can only be signed once FCA authorised. Final draft ready for signing
Avon representation	<ul style="list-style-type: none"> Committee representative on Oversight Board Officer representatives on Client Group 	Complete

People & Resources

Risk Area	Aspects	Status
BPP company set up on track	<ul style="list-style-type: none"> Chair and NED appointments Company set up <ul style="list-style-type: none"> Buildings; IT; Infrastructure 	Complete
Staffing implications	<ul style="list-style-type: none"> Brunel Staff recruitment Resourcing of APF team <ul style="list-style-type: none"> Recruited new Investment Officer Operational officer post – need to recruit No changes to team otherwise until transition of asset largely complete 	Green -In progress; Head of Private Markets appointed AMBER – in progress

Processes and providers

Risk Area	Aspects	Status
Relationship management	<ul style="list-style-type: none"> Identify all contract and specification changes (advisors, managers, custodian during transition) 	Green - Ongoing
APF custodian contract re-tender	<ul style="list-style-type: none"> Part of Administrator / custody procurement On board to new custodian 	Complete Moved to new custodian on 13/12/17
Client Group activity	<ul style="list-style-type: none"> Portfolios Internal Control Environment / reporting Stewardship 	Green – CG and BPP agreeing portfolios for BOB to discuss at Jan 18 meeting;
Internal process /policy change	<ul style="list-style-type: none"> Cash Management, Rebalancing, Custody processes, Investment management and reporting 	Green – in progress
Transition of assets	<ul style="list-style-type: none"> Agree transition plan Monitor transition and costs/savings 	Green - CG & Brunel agreeing plan for quoted assets Green – building database to capture costs and analyse once assets move to Brunel portfolios

Budget & expenditure

Risk Area	Aspects	Status
Clarity on budget agreed as part of FBC	<ul style="list-style-type: none"> Budget tracked as part of status report – reported to Oversight Board and Client Group 	Green - ongoing
APF budget for Brunel project	<ul style="list-style-type: none"> 2017/18 budget includes estimated costs of <ul style="list-style-type: none"> Development costs Operational costs of BPP Ltd Impact on internal costs to ensure service delivery intact 	Green
APF budget for Brunel costs 2018/19	<ul style="list-style-type: none"> 2018/19 budget to be agreed by Shareholders at AGM Jan 2018 Investment and operational costs of Brunel to be included as well as costs of supporting Client side work 	Green – in progress
Delivery of FBC objectives - costs/savings	<ul style="list-style-type: none"> Will be monitored as part of client reporting suite 	AMBER – reporting to BOB began Jan 18 includes costs/budget.

Bath & North East Somerset Council	
MEETING:	LOCAL PENSION BOARD
MEETING DATE:	15 February 2018
TITLE:	PENSION FUND ADMINISTRATION – COMPLIANCE REPORT (1) SUMMARY PERFORMANCE REPORT TO 31 DECEMBER 2017 (2) PERFORMANCE INDICATORS TO 31 DECEMBER 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</p>	

1 THE ISSUE

- 1.1 The purpose of this report is to inform the Pension Board of performance figures for Fund Administration for the three months to 31 December 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 31 December 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/MAT's 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 AVON PENSION FUND ADMINISTRATIVE PERFORMANCE

- 5.1 Key Performance Indicators for the 3 months to 31 December 2017.
- 5.2 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.
- 5.3 Full details of performance against target, in tabular and graph format, are shown in *Appendix 2; Annex 1 to 4*. As recommended by the Pension Board in November, officers are developing a suite of comparator reports to test the Fund performance against legal statutory deadlines. It is anticipated that reports will be available in time to enable reporting from January 2018 onwards, although there is a significant amount of initial work to be carried out to set this up.
- 5.4 The last quarter has shown an improvement in performance against SLAs in most areas of administration work. There has also been a project team put together to work on clearing the backlog of deferred cases. The project team, which consisted of 2.5 FTEs and made up of both Member Services and Quality Assurance staff, was formed at the beginning of December when, at that time, there were approx. 1400 outstanding deferred cases. The project has made significant progress and at the end of January they had managed to clear just over 1000 cases leaving 385 outstanding, and we anticipate that the team will complete this project by the end of February (As at 5th February there were a reported 62 cases outstanding). However, work undertaken as part of the project has had a negative impact on APF performance statistics for deferred cases over the quarter and we predict that this will also affect the next quarter as most of the cases being processed are historic. The next backlog to be addressed on the team will be Interfund transfers, followed by member Aggregation cases for which the Fund administration is currently putting together a proposal for additional resource to address the significant backlog of work by the end of 2018 without impacting on 'business as usual' and performance in other areas.
- 5.5 Admin Case Workload *Annex 5 & 6*
- 5.6 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 31 December 2017 there were 7,775 cases outstanding (an increase of just 22 cases from previous report) of which 47.69% represents actual workable cases, ie 3708 cases, and 52.31% represents cases that are part complete, pending a third party response. This is an improvement on the last quarter, despite an increased amount of annual leave being taken over the Christmas period as well as the team being under resourced due to a temporary position following maternity leave needing to be filled and one member of staff being on a period of long term sickness.

6 EMPLOYER PERFORMANCE

6.1 *Appendix 3* highlights employer performance for the 3 months to 31 December 2017

6.2 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.

6.3 During the period from 1 October to 31 December a total of 1,271 leaver forms were received with an average accuracy rate of 76%

6.4 Excluding notification of member retirements and death in service, a new process is now followed when leaver forms for employers utilising the IConnect extract is received. An acknowledgement letter is issued to the member confirming entitlement to a benefit. (These cases are initially set to 'undecided' status on the system pending the member's decision) An option form is issued asking members to confirm if they have re-joined the LGPS with another employer or left completely and require 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 increased movement of employees between employers eg Academies.

6.5 All employers transferring monthly data only have to supply leaver forms for member retirements or death in service. Most of the data needed to defer, refund or link entitlement is already sent monthly and final pay calculations will be requested via a spreadsheet. This process has started from August for South Gloucester Council and UWE. Bristol City Council are starting the new process from January and providing B&NES go live with IConnect in January they will start the process from February. Once all the Unitary Authorities and UWE are using IConnect there should be an overall reduction in leaver forms of a third.

7 TPR DATA IMPROVEMENT PLAN

7.1 Following discussions with the Pension Board in the November meeting a 'Data Score' has now been added to the TPR reporting as shown in Appendix 4. This has been calculated in accordance with the Pension Regulator's recently issued guidance. A copy of the relevant guidance can be found at the following address: <S:\Pensions\Users Shared\APF Pensions Board\TPR> .The Fund's overall data score as at 31 December 2017 is calculated as 93.96%.

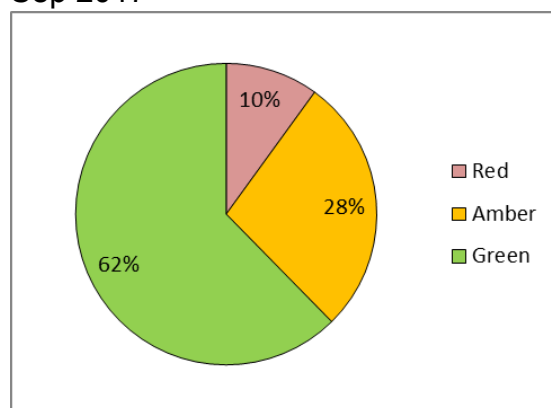
7.2 The Fund has put forward a separate proposal to use a tracing agency (Accurate Data Services) to find 'gone away' addresses. A separate report outlining proposals is enclosed with Pension Board papers.

7.3 A summary of the RAG rating by employer is shown below. The RAG rating has been adjusted so that queries over 10% = Red, between 0.1% & 10% = Amber and 0% = Green.

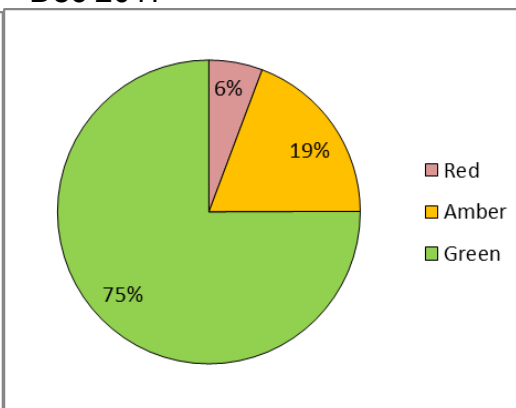
No. of employers Sept 2017	No of employers Dec 2017	Queries	RAG rating
34	20	10% >	Red
94	67	0.1 to 10%	Amber
212	262	0%	Green

Equivalent % rating of whole Fund

Sep 2017



Dec 2017



Data for the Unitary Authorities is listed below.

Unitary authorities	Queries Sept 2017	Queries Dec 2017	Membership	RAG	
BANES	283	87	3478	2.50%	Amber
Bristol City	165	82	8834	0.93%	Amber
North Somerset	45	6	2530	0.24%	Amber
South Gloucestershire	63	61	5790	1.05%	Amber

8 LATE PAYERS

8.1 The Fund is required to monitor the receipt of contributions and report materially significant late payments to the Pensions Regulator.

8.2 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.

8.3 *Appendix 5* reports late payers in the period to 31st December 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.

9 YEAR END / BREACHES

- 9.1 Year end 2018 process has commenced with membership spreadsheets being issued to all employers in January for initial reconciliation.
- 9.2 Year End training sessions have now started with an event for previously fined employers taking place on 29 January.
- 9.3 Year end 2017 - A total of 21 employers will be fined £250 each. 3 fines are for late returns and the rest for errors in excess of 10%
- 9.4 Of the 21 employers to be fined 7 are repeat offenders. Of which 3 are Oasis Academies, 2 have EPM as their payroll providers and 2 are EACT Academies.
- 9.5 Test files have been received from EPM for moving to IConnect. Discussions are also in progress with Oasis to move to IConnect submissions. EACT have now responded and agreed to start monthly data returns from April 2018. They are currently clearing the outstanding queries from last year. With positive engagement and progress made with all three organisations it has been deemed not necessary to report to TPR on this occasion. However, organisations have been made aware that a further similar breach will trigger a report to TPR.

10 EQUALITIES

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

11 CONSULTATION

- 11.1 None appropriate

12 ISSUES TO CONSIDER IN REACHING THE DECISION(S)

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

13 ADVICE SOUGHT

- 13.1 The Council's Monitoring Officer (Divisional Director – Legal & Democratic Services) and Section 151 Officer (Strategic Director of Resources) 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	

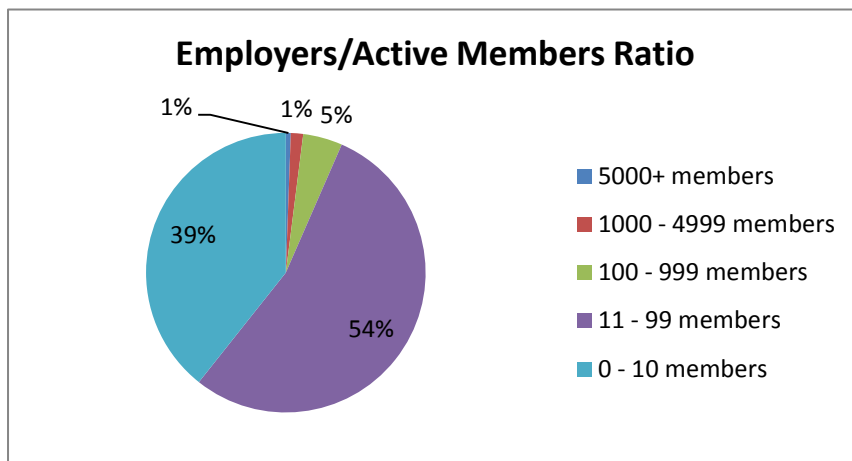
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Annex 1 - Active membership

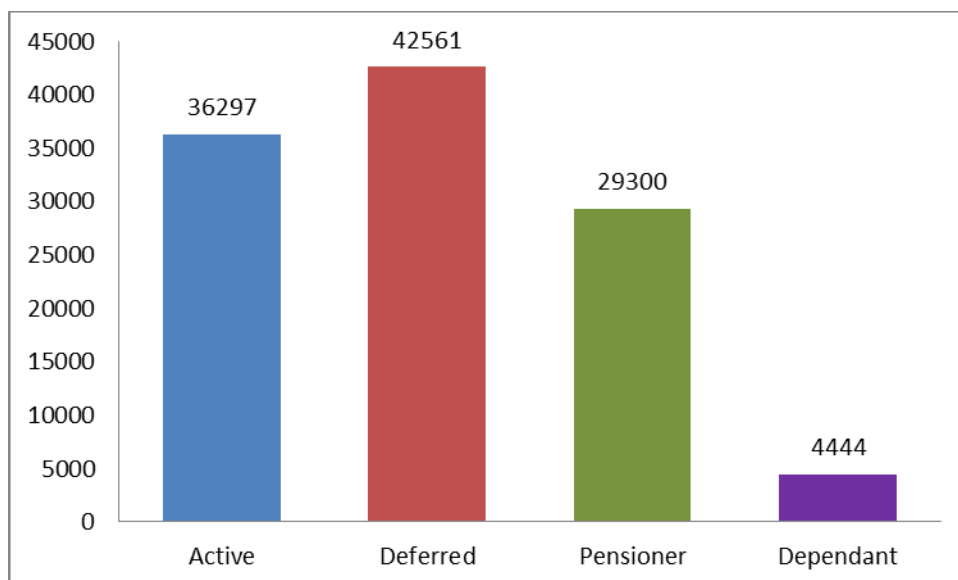
Total Active Members	29293
Total Active Records	36297
Total Active Members with more than 1 active record	3171

Annex 2 - Employers / active member ratio

Employers/Active Members Ratio	
Number of employers with 5000+ members	2
Number of employers with between 1000 and 4999 members	5
Number of employers with between 100 and 999 members	16
Number of employers with between 11 and 99 members	190
Number of employers with between 0 and 10 members	138
Total	351



Annex 3 – Total number of member records by type – as at 31 December 2017



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Annex 1

		Tasks Last Quarter against SLA					Legal requirement			
		Total Processed	Total Processed in Target	Percentage Processed within Target	Total Processed within 5 days of Target	Percentage Processed within 5 days of Target	Target	Total Processed	Total Processed in Target	Percentage Processed within Target
Retirement (from Active)	Quote - 5 days	351	216	61.54%	77	83.48%	1 month	335	331	98.81%
	Payment - 5 days	335	212	63.28%	89	89.85%				
Retirement (from Deferre	Quote - 30 days	66	33	50.00%	2	53.03%				
	Payment - 5 days	236	161	68.22%	35	83.05%				
Deaths	Notification - 5 days	87	82	94.25%	5	100.00%	2 months	87	87	100.00%
	Payment - 5 days	71	30	42.25%	25	77.46%	2 months	71	71	100.00%
Refund of contributions	Quote - 10 days	257	209	81.32%	29	92.61%				
	Payment - 10 days	214	178	83.18%	15	90.19%				
Deferreds (early leavers)	20 days	328	106	32.32%	7	34.45%				
Transfers In	Quote - 10 days	75	42	56.00%	2	58.67%				
	Payment - 10 days	9	3	33.33%	3	66.67%				
Transfers Out	Quote - 10 days	167	46	27.54%	37	49.70%				
	Payment - 10 days	20	9	45.00%	2	55.00%				
Estimates	10 days	231	149	64.50%	24	74.89%				
		2447	1476	60.32%	352	74.70%				

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	6	216	77	33	10	6	0	10
	Payment - 5 days	4	213	89	24	5	2	2	1
Retirement (from Deferre	Quote - 30 days	47	35	5	3	4	2	6	11
	Payment - 5 days	-7	161	35	20	15	2	1	2
Deaths	Notification - 5 days	2	82	5	0	0	0	0	0
	Payment - 5 days	9	30	25	11	2	1	0	2
Refund of contributions	Quote - 10 days	9	140	69	29	8	3	2	6
	Payment - 10 days	7	139	39	15	9	5	7	0
Deferreds (early leavers)	20 days	44	35	27	26	18	7	8	207
Transfers In	Quote - 10 days	19	33	9	2	2	5	4	20
	Payment - 10 days	20	3	0	3	0	0	0	3
Transfers Out	Quote - 10 days	20	11	35	37	42	17	10	15
	Payment - 10 days	16	4	5	2	2	3	3	1
Estimates	10 days	9	120	29	24	20	7	2	22

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

Work Type	Target Processing SLA	Q1	Q2	Q3	Q4	Trend
		Jan 17 - Mar 17	Apr 17 - Jun 17	Jul 17 - Sept 17	Oct 17 - Dec 17	
Retirement (from Active)	Quote - 5 days	56.21%	62.41%	30.10%	61.54%	
	Payment - 5 days	53.65%	64.08%	44.22%	63.28%	
Retirement (from Deferred)	Quote - 30 days	38.81%	46.81%	34.00%	50.00%	
	Payment - 5 days	70.70%	71.51%	53.29%	68.22%	
Deaths	Notification - 5 days	81.90%	100.00%	90.48%	94.25%	
	Payment - 5 days	19.13%	59.09%	32.89%	42.25%	
Refund of contributions	Quote - 10 days	62.45%	86.46%	67.48%	81.32%	
	Payment - 10 days	78.59%	56.43%	96.79%	83.18%	
Deferreds (early leavers)	Notification - 20 days	5.92%	27.71%	95.56%	32.32%	
Transfers In	Quote - 10 days	17.57%	43.24%	24.44%	56.00%	
	Payment - 10 days	n/a	20.00%	33.33%	33.33%	
Transfers Out	Quote - 10 days	11.11%	12.22%	33.10%	27.54%	
	Payment - 10 days	32.26%	66.67%	38.46%	45.00%	
Estimates	Quote - 10 days	n/a	n/a	65.52%	64.50%	

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

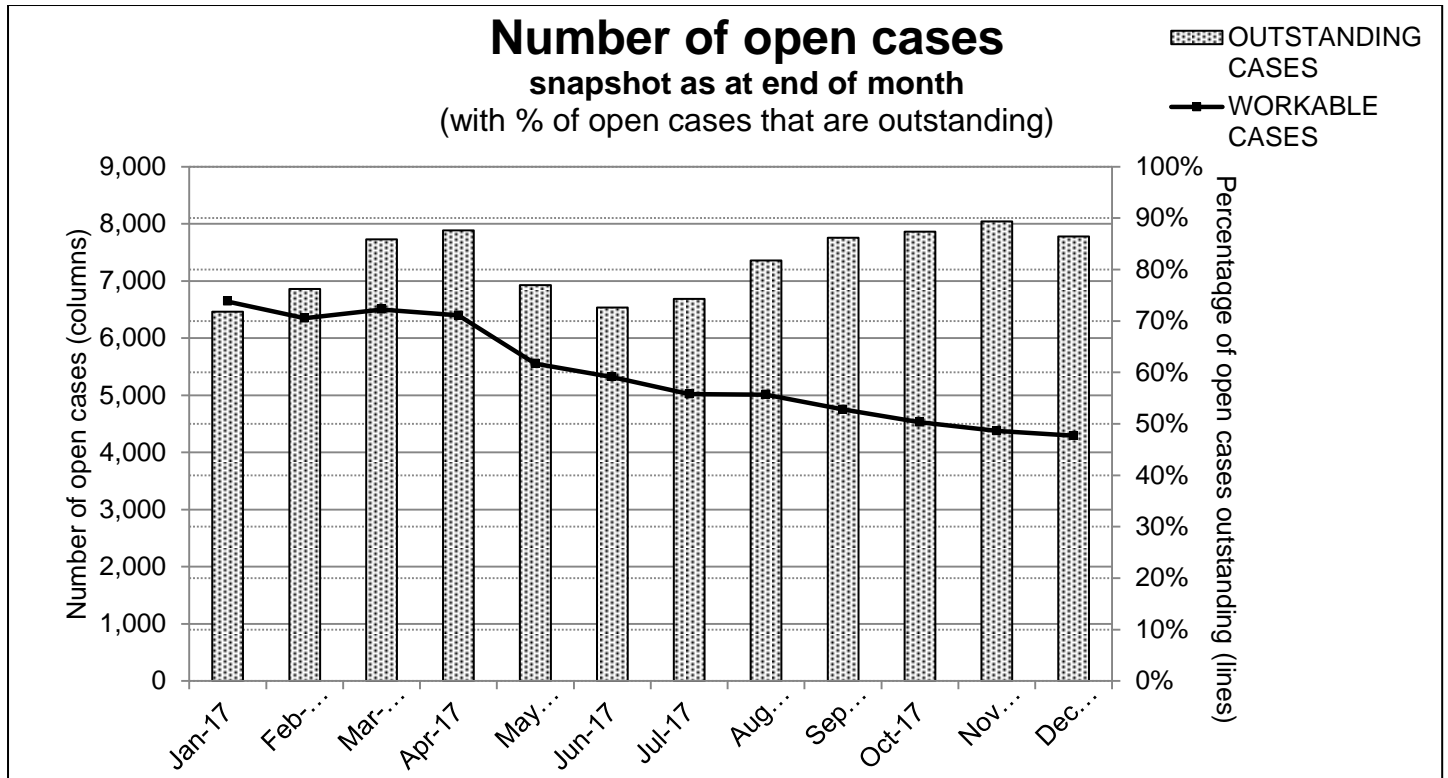
Annex 3

Statutory requirements	Timescale/deadline	3 months to 31/12/17	Notes
Year End data from employer	by 30 June	0	N/A this period
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 Deferred member newsletter	1 issue per year	0	N/A this period
Issue Pensioner member newsletter	1 issue per year	0	N/A this period

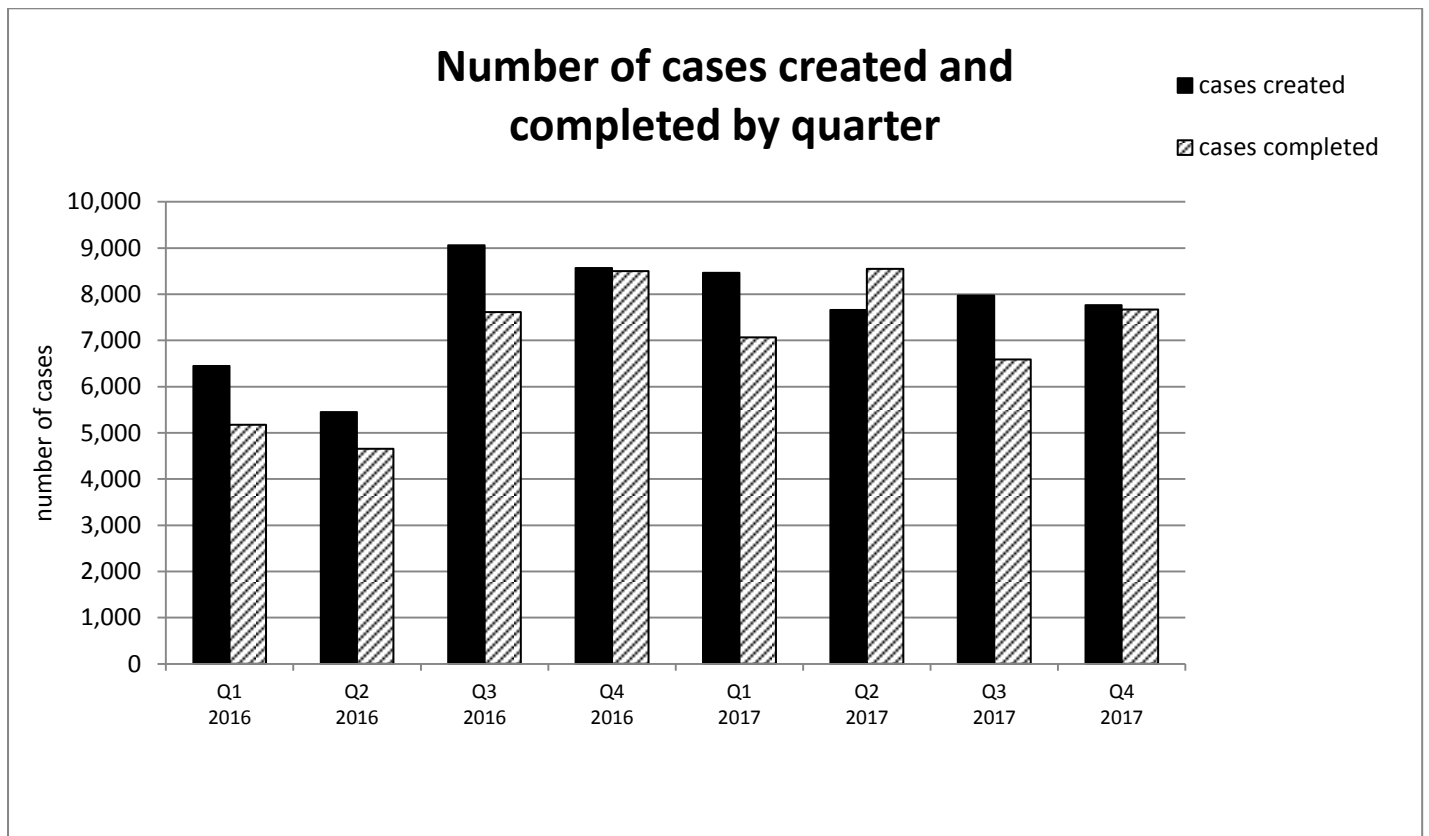
Annex 4

Other performance standards	3 months to 31/12/17	2017/18 target	Notes
Retirements survey - satisfaction %	71%	65%	
% of employers signed up to submit data electronically (ESS/iConnect)	60.7%	70%	
% of active membership covered by ESS/iConnect	96.0%	90%	
% of all members with electronic access (MSS)	17.8%	No target set	
% of active members with electronic access (MSS)	23.0%	No target set	

Annex 5



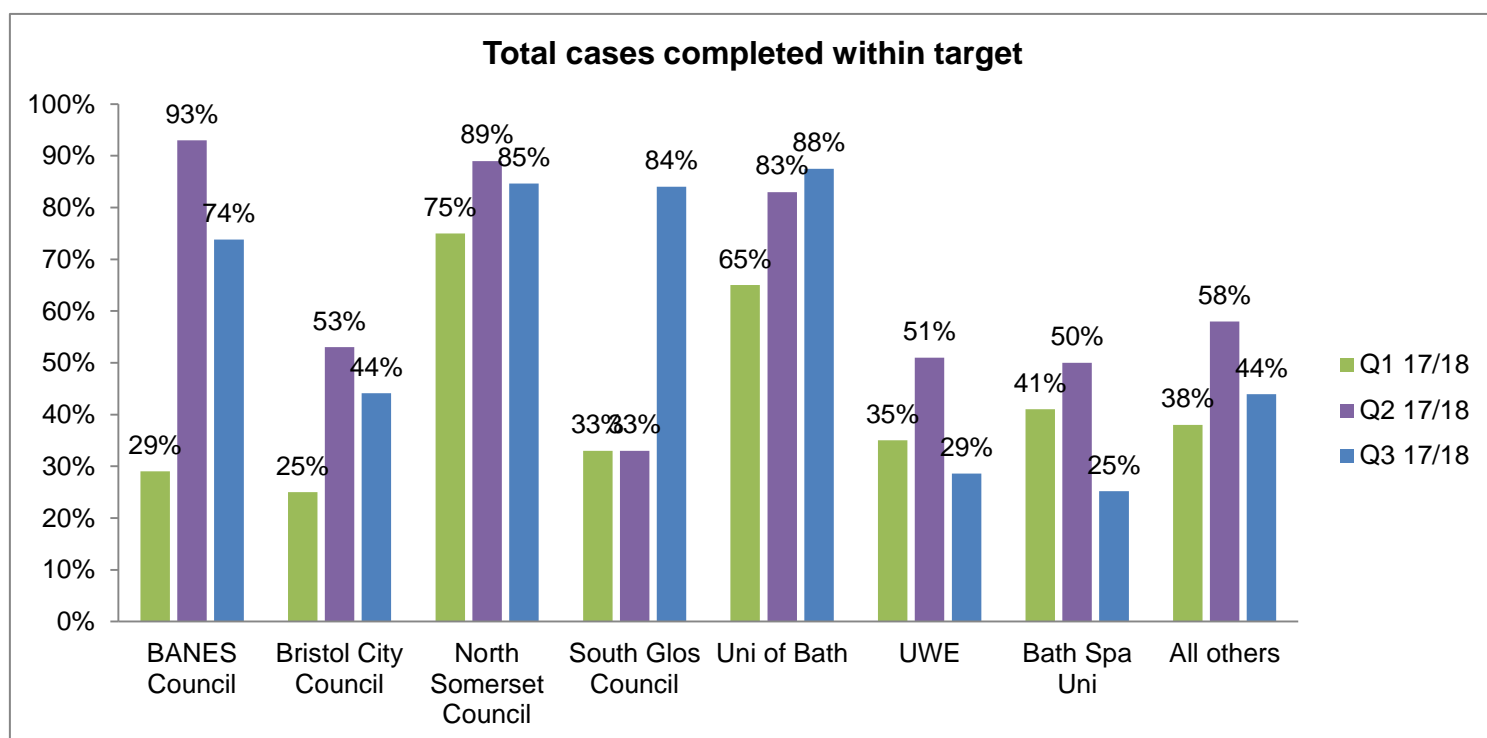
Annex 6



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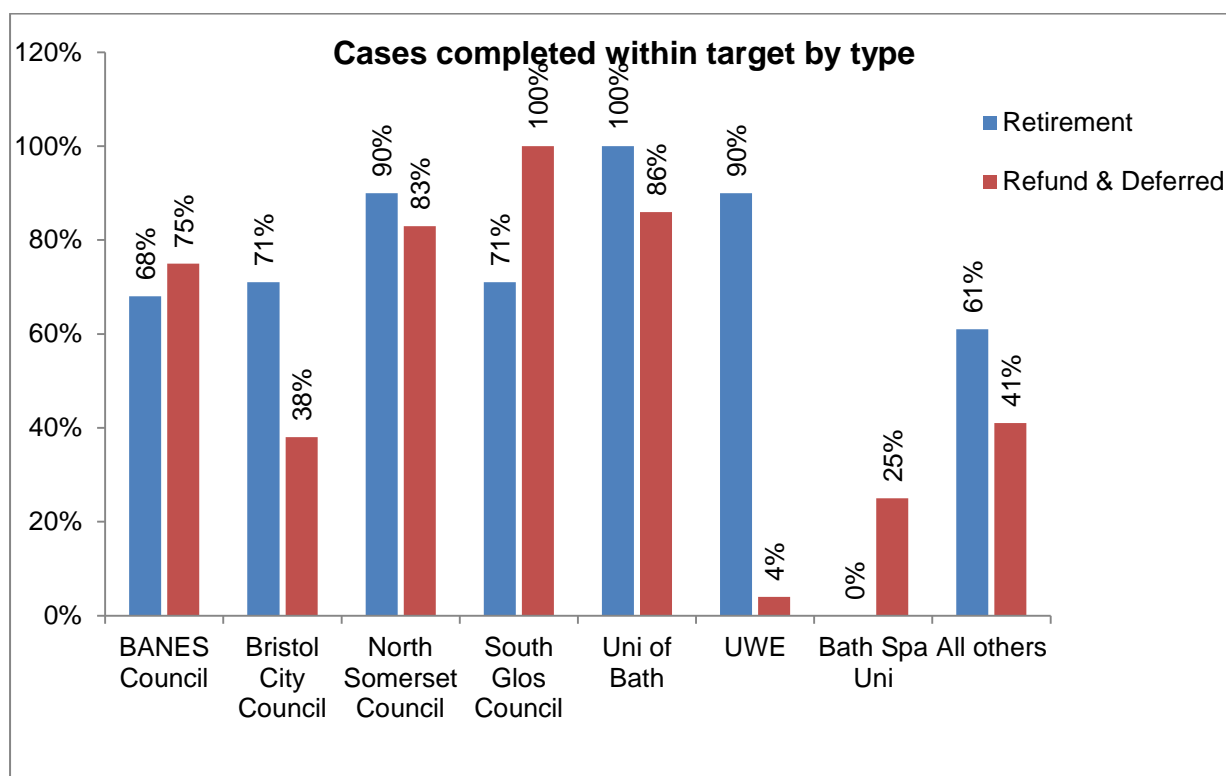
Employers completing leaver forms for retirements, refunds and deferments within SLA targets.

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



	Q1 17/18	Q2 17/18	Q3 17/18
BANES Council	29%	93%	74%
Bristol City Council	25%	53%	44%
North Somerset Council	75%	89%	85%
South Gos Council	33%	33%	84%
Uni of Bath	65%	83%	88%
UWE	35%	51%	29%
Bath Spa Uni	41%	50%	25%
All others	38%	58%	44%

Annex 2 – Breakdown by case type within target



Within target	Retirements			Refunds and Deferred		
	Cases	Within	%	Cases	Within	%
BANES Council	22	15	68%	104	78	75%
Bristol City Council	62	44	71%	287	110	38%
North Somerset Council	20	18	90%	71	59	83%
South Gos Council	51	36	71%	177	177	100%
Uni of Bath	7	7	100	65	56	86%
UWE	10	9	90%	25	1	4%
Bath Spa Uni	2	0	0%	224	57	25%
All others	119	73	61%	639	260	41%

Annex 1 – TPR Errors by Member Numbers

	Sept 2017				Dec 2017				Trend
	Member Records	TPR Errors	% Errors	Data Score	Member Records	TPR Errors	% Errors	Data Score	
ACTIVE	35757	1106	3.09%	96.91%	36359	822	2.26%	97.74%	▼
DEFERRED	41823	5092	12.18%	87.82%	42031	4689	11.16%	88.84%	▼
DEPENDANTS	4514	29	0.64%	99.36%	4563	73	1.60%	98.40%	▲
FROZEN	2729	770	28.22%	71.78%	2998	972	32.42%	67.58%	▲
PENSIONERS	28771	79	0.27%	99.73%	29234	78	0.27%	99.73%	◀
UNDECIDED	3724	665	17.86%	82.14%	4675	606	12.96%	87.04%	▼
TOTALS	117318	7741	6.60%	93.40%	119860	7241	6.04%	93.96%	▼

Annex 2 – Outstanding Queries by Type

	Sept 2017		Dec 2017		Trend
	TPR Errors	%	TPR Errors	%	
Age 75 exceeded LGPS eligibility issue	13	0.16%	8	0.10%	▼
CARE pay for 2014-2015 required	146	1.78%	77	0.99%	▼
CARE pay for 2015-2016 required	163	1.99%	88	1.13%	▼
CARE pay for 2016-2017 required	338	4.12%	179	2.31%	▼
Casual hours data required	119	1.45%	97	1.25%	▼
Correct FTE Pensionable Salary 16-17 req	96	1.17%	39	0.50%	▼
Correct hours format required	6	0.07%	3	0.04%	▼
Correct scheme name required	1	0.01%	0	0.00%	▼
Historic refund case	481	5.87%	669	8.62%	▲
Leaver form required	570	6.95%	494	6.37%	▼
Missing data on leaver form - escalation	21	0.26%	13	0.17%	▼
Correct Forenames required	0	0.00%	1	0.01%	▲
Correct date of birth required	0	0.00%	1	0.01%	▲
Correct NINO required	81	0.99%	68	0.88%	▼
Correct address required	6143	74.94%	5977	77.03%	▼
Correct gender required	1	0.01%	8	0.10%	▲
Correct title required ie Miss or Mr	3	0.04%	14	0.18%	▲
Pay Ref required	15	0.18%	20	0.26%	▲
Date joined fund	0	0.00%	3	0.04	▲
Grand total	8197	100.00%	7759	100.00%	▼

Common Data

Scheme Specific Data

Annex 3 – Outstanding TPR by status

	TPR Errors Sept 2017	%	TPR Errors Dec 2017	
1 ACTIVE	1306	100.00%	926	100.00%
Age 75 exceeded LGPS eligibility issue	4	0.31%	3	0.32%
CARE pay for 2014-2015 required	127	9.72%	70	7.56%
CARE pay for 2015-2016 required	151	11.56%	81	8.75%
Casual hours data required	95	7.27%	84	9.0%
Correct address required	497	38.06%	428	46.22%
Correct gender required	1	0.08%	8	0.86%
Correct NINO required	11	0.84%	4	0.43%
Correct title required ie Miss or Mr	1	0.08%	12	1.30%
Leaver form required	15	1.15%	5	0.54%
Pay Ref required	8	0.61%	11	1.19%
Correct hours format required	5	0.38%	3	0.32%
CARE pay for 2016-2017 required	304	23.28%	174	18.79%
Correct FTE Pensionable Salary 16-17	87	6.66%	38	4.10%
Correct date of birth required	0	0.00%	1	0.11%
Correct Forenames required	0	0.00%	1	0.11%
Date joined fund required	0	0.00%	3	0.32%
2 UNDECIDED	736	100.00%	645	100.00%
Age 75 exceeded LGPS eligibility issue	3	0.41%	2	0.31%
CARE pay for 2014-2015 required	17	2.31%	6	0.93%
CARE pay for 2015-2016 required	10	1.36%	6	0.93%
Casual hours data required	20	2.72%	11	1.71%
Correct address required	92	12.50%	107	16.59%
Correct NINO required	2	0.27%	1	0.16%
Leaver form required	539	73.23%	487	75.50%
Pay Ref required	3	0.41%	8	1.24%
Correct scheme name required	1	0.14%	0	0.00%
Missing data on leaver form - escalation	19	2.58%	12	1.86%
CARE pay for 2016-2017 required	22	2.99%	4	0.62%
Correct FTE Pensionable Salary 16-17	8	1.09%	1	0.16%
4 DEFERRED	5128	100.00%	4719	100.00%
Age 75 exceeded LGPS eligibility issue	3	0.06%	2	0.06%
Correct address required	5065	98.77%	4669	98.92%
Correct NINO required	50	0.98%	48	1.02%
Leaver form required	6	0.12%	0	0%
Missing data on leaver form - escalation	1	0.02%	0	0%
Historic refund case	1	0.02%	0	0%
CARE pay for 2016-2017 required	1	0.02%	0	0%
Correct FTE Pensionable Salary 16-17 req	1	0.02%	0	0%
5 PENSIONERS	80	100.00%	78	100.00%
Correct address required	79	98.75%	77	98.71%
Correct NINO required	1	1.25%	1	1.28%

6 DEPENDANTS	29	100.00%	27	100.00
Correct address required	27	93.10%	25	92.60%
Correct title required ie Miss or Mr	2	6.90%	2	7.40%
9 FROZEN	888	100.00%	1364	100.00%
Age 75 exceeded LGPS eligibility issue	3	0.34%	1	0.07%
CARE pay for 2014-2015 required	1	0.11%	1	0.07%
CARE pay for 2015-2016 required	1	0.11%	1	0.07%
Casual hours data required	4	0.45%	2	0.15%
Correct address required	378	42.57%	670	49.13%
Correct NINO required	17	1.91%	17	1.25%
Leaver form required	2	0.23%	1	0.07%
Missing data on leaver form - escalation	1	0.11%	1	0.07%
Correct hours format required	1	0.11%	0	0.00%
Historic refund case	479	53.94%	669	49.05%
CARE pay for 2016-2017 required	1	0.11%	1	0.07%
Grand Total	8197		7759	

APPENDIX 5

Late Payers to 31st January 2018

Employer	Payroll Month	Days late	Cumulative occasions	Amount	Significance	Reason / Action
The Park community Trust	September	3	1	2,172.35	Value / days late not material.	Error due to deadline on weekend - in future staff will ensure transfer on preceding Friday
Aspens Various : 34 schools	September	5	3	15,956.60	Significant Value.	Implementing new system and taking on new schools; paid promptly when reminded. Have been on time since September.
NO LATE PAYERS	October					
Virgin Care Services Ltd	November	20	1	74,424.86	Significant value and days late.	Employer made an error in processing the payment. They paid promptly when informed, but this was delayed by Christmas and the New Year break.
City of Bath College	December	15	2	69,930.79	Significant value and days late.	Change in Personnel with no handover. New staff given training.
Frampton Cotterell Parish Council	December	10	2	1,865.59	Significant days late.	Misunderstanding between Parish Council and new payroll provider.
Total Days		53		164,350.19	Over The 4 Months	
Total Contributions in Period (excluding deficit payments)				42,725,894	Late payments as a % of total = 0.38%. Late Payments from 5 out of a total of 337 employers.	
All late payers are contacted and reminded of their obligations regarding the timing of payments. Where appropriate they are advised on alternative, more efficient methods of payment. Where material, interest will be charged on late payments at base rate plus 1% in accordance with the regulations.						

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Bath & North East Somerset Council	
MEETING:	LOCAL PENSION BOARD
MEETING DATE:	15th February 2018
TITLE:	PENSION FUND ADMINISTRATION MEMBER ADDRESS RECTIFICATION – BULK TRACING EXERCISE
WARD:	ALL
AN OPEN PUBLIC ITEM	
List of attachments to this report: Appendix 1 – Example Mortality Screening Template	

1 THE ISSUE

- 1.1 The Pension Board had previously raised concerns at the high level of scheme members for whom correct addresses were not held by the Fund.
- 1.2 TPR Code of Practice 14 requires that where schemes identify poor quality or missing data, they should put a data improvement plan in place to address these issues. The plan should have specific data improvement measures which schemes can monitor and a defined end date within a reasonable timeframe when the scheme will have complete and accurate data.
- 1.3 The purpose of this report is to inform the Pension Board of the intended approach proposed by the Fund to improve the accuracy of member address data held.

2 RECOMMENDATION

The Board is asked to note:

- 2.1 The member address rectification proposal.

3 MEMBER ADDRESS ISSUES

- 3.1 The Fund has identified approximately 6,000 member records for which there is either no address or the member is flagged as 'gone away' from last known address.
- 3.2 Cases identified are across a number of status types as noted in the quarterly compliance report.

3.3 A summary of the cases identified are as follows

Category Type	Correct Address Required	% of Records in Error/Type
Active	428	1.17%
Undecided Leaver	107	2.28%
Deferred	4,669	11.11%
Pensioner	77	0.26%
Dependant	25	0.54%
Frozen (Historic)	670	22.35%
TOTALS	5,976	4.98%

4 CURRENT TRACING PROCESS

- 4.1 The Fund currently has contractual terms with both LexisNexis Trace IQ and Accurate Data Services. In general searches are prioritised by age and carried out on a case by case basis.
- 4.2 Given the number of cases requiring investigation a bulk exercise has been considered in partnership with Accurate Data Services.
- 4.3 Costs to undertake the exercise have been estimated and will be presented to the Pensions Committee in March for agreement as part of the APF Service Plan 2018/21.

5 BULK TRACING PROPOSAL

5.1 The proposed plan will be:-

- Stage 1: Mortality Screening of identified data set (Appendix 1 Refers) to ascertain member status (i.e: living/deceased)
- Stage 2: Records not flagged at stage 1 are processed using an automated product and reference tested against market activity and scored for data match accuracy between 0 – 100%
- Stage 3: Cases scoring below accuracy threshold (85% address match) are progressed to manual basic tracing level.
- Stage 4: Any cases remaining unresolved at stage 3 can be progressed to detailed manual forensic tracing level.

6 TIMEFRAME

- 6.1 Stages 1 and 2 are estimated to take 1 week each to complete and the aim will be for these to be completed by 31st March 2018.
- 6.2 Based on accurate data services previous experience it is anticipated that approximately 4,000 cases will be progressed to the third stage which will be further processed at approximately 500 cases per week.
- 6.3 The Fund Administration is currently in the process of setting a project plan detailing the number of cases to be managed internally each week and the required resource to achieve completion of the bulk of the exercise ahead of the statutory deadline for the issue of ABS by the end of August.

7 REPORTING

- 7.1 Progress on the success of the member address rectification plan will be reported to the Pension Board and will be reflected in the TPR data compliance report.

8 EQUALITIES

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

9 CONSULTATION

- 9.1 None appropriate

10 ISSUES TO CONSIDER IN REACHING THE DECISION(S)

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

11 ADVICE SOUGHT

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

Contact person	Geoff Cleak – Pensions Manager: 01225 395277. Carolyn Morgan – Employer Services Manager: 01225 395247
Background papers	TPR monthly data reports.
Please contact the report author if you need to access this report in an alternative format	

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URN	TITLE	FORENAME OR FIRST INITIAL	MIDDLE NAME OR MIDDLE INITIAL	SURNAME	GENDER	NI NUMBER	DATE OF BIRTH	ADDRESS LINE 1 (HOUSE NUMBER/NAME & STREET)	ADDRESS LINE 2 (STREET/ROAD NAME)	ADDRESS LINE 3 (LOCALITY)	ADDRESS LINE 4 (TOWN)	ADDRESS LINE 5 (COUNTY)	ADDRESS LINE 6 (POSTCODE)	ADDRESS LINE 7 (COUNTRY)
<i>Example 123</i>	<i>Mr</i>	<i>Jim</i>	<i>Robert</i>	<i>Smith</i>	<i>Male</i>	<i>AB123456C</i>	<i>01/01/1952</i>	<i>21 The Street</i>	<i>High Street</i>	<i>This Village</i>	<i>That Town</i>	<i>Which County</i>	<i>AB1 2DE</i>	<i>UK</i>
<i>Example 123</i>	<i>Mr</i>	<i>Jim</i>	<i>Robert</i>	<i>Smith</i>	<i>Male</i>	<i>AB123456C</i>	<i>01/01/1952</i>	<i>The Cottage</i>		<i>This Village</i>	<i>That Town</i>	<i>Which County</i>	<i>AB1 2DE</i>	<i>UK</i>

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Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	15th February 2018	AGENDA ITEM NUMBER
TITLE:	Internal Audit Update	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1	Summary of Pension Fund Internal Audit Work	
Appendix 2	Draft Internal Audit Report on Pension Governance (COP 14)	
Appendix 3	Draft Internal Audit Report on Pension Transfers & Aggregations	

1 THE ISSUE

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

2 RECOMMENDATION

That the Board

- 2.1 Notes the report and outcomes from Internal Audit work and the proposed areas to be included in the Bath & North East Somerset Council Audit Plan for 2018/19.

3 FINANCIAL IMPLICATIONS

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

4 REPORT

2017/18 Internal Audit Work

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

- 4.3 A summary of work undertaken in the last five years is attached at Appendix 1 and Appendices 2 & 3 include the draft audit reports for the first two audits carried out in 2017/18.
- 4.4 In respect of the two areas reviewed in 2017/18 - Pensions Governance (COP 14) and Pensions Transfers & Aggregations - the audit opinions are positive (Level 4 – Good) and there are no significant risk areas to be brought to the board's attention. In addition this year we have used auditors from the Devon Audit Partnership to carry out the work as part of a test of our partnership arrangements with them and to ensure a fresh perspective was given to audit work.
- However there are specific recommendations made in relation to the Board in the Governance review that are pertinent to the later item on the agenda regarding training.
- 4.5 Looking forward the audit plan for the Pension Fund now also takes account of the Pension Board requirements and this will result in additional audit time from the 2017/18 year onwards.
- 4.6 As at the date of writing this report the following areas have been flagged up for potential inclusion in the 2018/19 plan connected to the Pension Fund –
- a) Pensions Investments – Focus on residual arrangements within the Pension Fund post Brunel implementation
 - b) Pensions Administration – Focus on Data Integrity issues
 - c) Pensions Governance (COP 14) – Annual Compliance Review.
 - d) Pensions Payroll – Deferred from 17/18 and not reviewed since 2013/14.
- 4.7 The Board is therefore asked to comment on any specific audit activity which they would like to be considered for 2018/19 prior to it being submitted to Senior Management and the Council's Audit Committee for approval.

5 RISK MANAGEMENT

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

6 EQUALITIES

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

7 CONSULTATION

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

Contact person	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	

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APPENDIX 1 - Avon Pension Fund Board - Internal Audit Reviews – 12/13 – 17/18

Internal Audit Work 2012/13 to 2017/18

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

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

2016/17	Pensions Administration (Benefits & Lump Sum Payments)	<p>This audit review took place to give assurance that:</p> <ol style="list-style-type: none"> 1) Member and beneficiary benefit and lump sum entitlements are accurately calculated. 2) All transactions are recorded in accordance with The Public Service Pensions (Record Keeping & Miscellaneous Amendments) Regulations 2014. 3) Benefits and lump sums are processed and paid in accordance with the schemes timescales. 	'5' Excellent	1	1
2016/17	Pensions Governance	<p>This audit review took place to give assurance that:</p> <ol style="list-style-type: none"> 1) The Pension Board has the right balance of skills, experience and representation. 2) Information about the Pension Board is accessible and up-to-date. 3) The risks and control framework are assessed, recorded and regularly revised. 4) Internal dispute resolution procedures and processes operate effectively and timely. 5) Whistleblowing (report of breach of law) procedures and processes operate effectively and timely. 6) Pension Board Members are conversant with Pension Scheme legislation and standards. 7) Pension Board Members do not have a conflict of interest, or are aware of the need to declare a potential conflict of interest. 	'4' Good	2	2
2017/18	Pensions Benefit Calculations - Transfers & Aggregations	<p>This audit review took place to give assurance that:</p> <ol style="list-style-type: none"> 1) There are comprehensive procedures and guidance in place that comply with legislation. 2) Relevant officers have appropriate skills and experience. 3) All transfers and aggregations are properly authorised before being entered onto the system, and there are checks in place to ensure the accuracy of processing. 4) Parameter data is updated where necessary and changes are checked / authorised. 	'4' Good	6	To be followed up in 18/19

		<p>5) Mismatched, rejected data and unusual or large amounts are promptly and independently investigated.</p> <p>6) Transfer and aggregation quotes are subject to appropriate checks and independent authorisation before communication to scheme members.</p> <p>7) Only authorised transfers are made to other providers.</p> <p>8) Payments are properly reconciled and appropriately authorised.</p> <p>9) Transfers and aggregations are undertaken on a sufficiently timely basis.</p>			
2017/18	Pensions Governance (COP 14)	<p>This audit review took place to give assurance that:</p> <p>1) Pension Board members are conversant with Pension Scheme legislation and standards.</p> <p>2) Pension Board and Investment Panel members do not have any conflicts of interest. The Board has equal representation from both employers and members</p> <p>3) Information about the Pension Board is accessible and up-to-date.</p> <p>4) There is an adequate internal control framework in place</p> <p>5) Complete and accurate scheme records are kept.</p> <p>6) Contributions are maintained in line with scheme regulations.</p> <p>7) Adequate information about benefits and scheme administration is provided to scheme members and others.</p> <p>8) There are robust internal dispute resolution procedures in place.</p> <p>9) Breaches of the law are effectively reported.</p> <p>10) Areas of non-compliance identified previously have been promptly resolved.</p>	'4' Good	3	To be followed up in 18/19
2017/18	Investments - (BPP Transition Plan)	WIP	WIP		
2017/18	Administration - Employee Contributions	WIP	WIP		
2017/18	Pensions Payroll		Deferred into 2018/19		

Internal Audit Report

Confidential

Pensions Governance

December 2017

Executive Summary

Audit Opinion:

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

Assurance Summary:

Assessment	Key Control Objectives
Excellent	Pension Board members are conversant with Pension Scheme legislation and standards.
Excellent	Pension Board and Investment Panel members do not have any conflicts of interest. The Board has equal representation from both employers and members.
Excellent	Information about the Pension Board is accessible and up-to-date.
Good	There is an adequate internal control framework in place
Excellent	Complete and accurate scheme records are kept.
Excellent	Contributions are maintained in line with scheme regulations.
Good	Adequate information about benefits and scheme administration is provided to scheme members and others.
Good	There are robust internal dispute resolution procedures in place.
Excellent	Breaches of the law are effectively reported.
Excellent	Areas of non-compliance identified previously have been promptly resolved.

Detailed Report

Opinion:

Internal Audit has undertaken a review of the risks and controls related to Pensions Governance and assessed the framework of internal control at 'Level 4'. A total of 3 audit recommendations are detailed in the Action Plan.

Scope and Objectives:

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

Background

The Avon Pension Fund has a team of around 40 staff that are responsible for the administration and safeguarding of the Fund.

According to the Pension Fund Performance Guide 2017, the following figures relating to the APF were reported as at 31/03/16:

- Members - 37,899
- Pensioners - 28,079
- Deferred pensioners - 40,711
- Net assets - £3,737m

There are 392 employers within the Fund.

To assist in the regulation of Pension Funds and to ensure it meets its own statutory obligations, The Pension Regulator's (TPR) Code of Practice 14 – 'Governance and Administration of Public Service Pension Schemes' was Introduced in 2015.

Context & Audit Comment:

The current audit has been conducted as part of the 2017-18 Audit Plan and has sought to confirm that the key requirements of TPR Code of Practice 14 are being met on an ongoing basis by the Avon Pension Fund (APF).

In order to arrive at our conclusions, we have considered the previous audit report issued in February 2017, have met with officers from the member and employer services teams to discuss processes and have reviewed a selection of supporting evidence for the processes concerned.

Our overall view is that the Pension Fund team maintain a good awareness of the requirements of the Code and actively work to ensure that compliance is maintained. Good practice was apparent in a number of areas and the issues identified within this report do not include any matters considered to constitute a significant risk to the effective operation of the fund.

Internal Audit Report – Pensions Governance

Audit Summary Findings

We identified the following strengths:

All members of the Pension Board have now completed the mandatory training requirements necessary to demonstrate a sufficient degree of knowledge relevant to the role.

All members of the Pension Board have registered a declaration of interests and this is publicly available through the 'modern gov' area of the Authority website.

Information regarding the Pension Board has been made freely available through the APF website and 'modern gov' section of the Local Authority website, including membership details, the terms of reference and copies of minutes and reports.

There are good systems of internal control which include a risk management process and internal monitoring of compliance with the Code using a bespoke TPR spreadsheet.

Risk registers are updated regularly, discussed at Senior Management Team meetings and are a standing agenda item for the Pension Committee and Pension Board.

The Scheme actively engages with employers on data quality issues and promotes better data quality by providing training/raising awareness as well as the use of fines and Data Improvement Plans where necessary.

Member information such as Annual Benefit Statements are provided to members in a timely way.

An Internal Dispute Resolutions Policy (IDRP) has been formally approved detailing the procedure for dealing with disagreements.

A documented procedure is in place covering breaches of the code and any such breaches, whether by employers or the Fund itself, are identified, recorded assessed and remedial actions taken.

We identified the following weaknesses:

Issues regarding the transparency of declarations of interest for the Investment Panel were noted, in particular the failure to consistently publish declarations on 'modern gov'. These are being addressed and do not impact directly on compliance with the Code so no formal recommendation has been made.

Supporting records such as risk registers and the breaches control sheet had not always been completed accurately or fully. However we note that the errors / omissions were not significant in nature.

The way in which 'acknowledgements' in respect of formal disputes are handled is not always in line with procedures.

Communications with members had not always been in strict compliance with the requirements of the Code.

Internal Audit Report – Pensions Governance

Audit & Risk Personnel:

Lead Auditor: Gary Spratley

Acknowledgements:

Sincere thanks to Geoff Cleak, Pensions Manager and members of the Pensions team for their help and assistance provided throughout the Audit review.

Internal Audit Report – Pensions Governance
ACTION PLAN

MEDIUM RISK EXPOSURE				
	Weakness Found	Implication or Potential Risk	Recommendation(s)	Responsible Officer Management Comments Implementation Date
M1	<p><u>Supporting Documentation</u></p> <p>The quality and completeness of supporting records held by the Pensions team and which demonstrate compliance with the Code, could be improved in some instances. We noted that:</p> <p>Risk Registers did not always accurately state the prior period risk levels.</p> <p>The Breaches Control Spreadsheet has a number of useful columns which are not always utilised, including TPR Notification RAG; Material Significance Y/N.</p>	<p>Inability to demonstrate that internal control processes are fully robust and that consideration has been given to the materiality of breaches in each case.</p>	<p>Supporting records such as risk registers and the breaches log should be fully and accurately completed in all instances.</p>	<p>An oversight had occurred during the review and completion of the previous Risk Register whereby the previous period values had not been updated.</p> <p>An independent review/check of future updates by senior management will occur prior to publication.</p> <p>Implemented January 2018</p> <p>Column completion and/or Hyperlinks to supporting data from the control spreadsheet will be utilised.</p> <p>Implementation by 1st March 2018</p>

Internal Audit Report – Pensions Governance

MEDIUM RISK EXPOSURE				
	Weakness Found	Implication or Potential Risk	Recommendation(s)	Responsible Officer Management Comments Implementation Date
M2	<p><u>Issues Dispute Resolution</u></p> <p>We reviewed the Issues Dispute Resolution Process and supporting records and made the following observations as at the time of testing:</p> <p>The procedure allows two months for an 'acknowledgement' to be issued, which seems excessive;</p> <p>The 'register' indicates that acknowledgements should be sent out within one week, which is in contrast to the timescales within the procedure;</p> <p>The 'register' indicates that no acknowledgement/response had been issued in respect of the stage 2 complaint from LL received on 12/09/17 or in respect of the stage 1 complaint from MB received on 31/10/17.</p>	<p>Reduced levels of customer satisfaction along with potential damage to the funds reputation.</p>	<p>Consideration should be given to reducing the 'acknowledgement' time as specified in the IDRP.</p> <p>Officers should also ensure that acknowledgements are issued promptly and that this date is recorded within the IDRP log.</p>	<p>A section of the original policy was confusing in that it reflected dates for acknowledging IDRP application that referred to the review date completion.</p> <p>An amendment to the IDRP acknowledgement section has been re-drafted and acceptable to IA.</p> <p>Managers are aware of the need to streamline the process of issuing acknowledgements and recording actions on the IDRP log.</p> <p>Implementation by 1st March 2018</p> <p>All entries are now up to date on the IDRP log</p>

Internal Audit Report – Pensions Governance

MEDIUM RISK EXPOSURE				
	Weakness Found	Implication or Potential Risk	Recommendation(s)	Responsible Officer Management Comments Implementation Date
M3	<p><u>Communications With Members</u></p> <p>Regulation 197 requires that responses to members in respect of requests for information include 'confirmation that members may request further information'. We reviewed emailed response to a member in respect of an enquiry and found that this or similar wording had not been included.</p>	<p>Minor breach of the Code which could reduce member satisfaction levels.</p>	<p>A standard form of words should be introduced and used in all relevant communications with members.</p>	<p>Whilst suitable wording is already in place on standard generated correspondence there is not a consistent approach in bespoke or email communications.</p> <p>A standard form of words will be developed for use across all communication platforms</p> <p>Implementation by 1st April 2018</p>

Internal Audit Report

Confidential

Pension Transfers and Aggregations

January 2018

Executive Summary

Audit Opinion:

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

Assurance Summary:

Assessment	Key Control Objectives
Good	There are comprehensive procedures and guidance in place that comply with legislation.
Excellent	Relevant officers have appropriate skills and experience.
Excellent	All transfers and aggregations are properly authorised before being entered onto the system, and there are checks in place to ensure the accuracy of processing.
Good	Parameter data is updated where necessary and changes are checked / authorised.
Excellent	Mismatched, rejected data and unusual or large amounts are promptly and independently investigated.
Excellent	Transfer and aggregation quotes are subject to appropriate checks and independent authorisation before communication to scheme members.
Excellent	Only authorised transfers are made to other providers.
Excellent	Payments are properly reconciled and appropriately authorised.
Satisfactory	Transfers and aggregations are undertaken on a sufficiently timely basis.

Detailed Report

Opinion:

Internal Audit has undertaken a review of the risks and controls related to the Avon Pension Fund's administration of Transfers and Aggregations. The framework of internal control has been assessed at Level 4 'Good'. A total of 6 audit recommendations are detailed in the Action Plan.

Scope and Objectives:

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

Background:

The Avon Pension Fund has a team of around 40 staff that are responsible for the administration and safeguarding of the Fund which has net assets in the region of £3.7bn (as reported in the 2017 Pension Fund Performance Guide).

The Member Services Team regularly process transfers both into and out of the Fund as members join or leave the Scheme.

As at the time of the audit, the following numbers of transfers had occurred within the current financial year:

Transfers in: 105, valued at £4,221,940

Transfers out: 98, valued at £3,961,821

Aggregations of Scheme members' contributions are also processed by the Member Services Team as a result of members re-joining the scheme. Due to significant changes in public sector pensions legislation, such as the introduction of Career Average Re-valued Earnings in 2014, aggregations are not straightforward but are applied based on a range of criteria related to the member's former membership.

As at the time of the audit, 984 members had been aggregated since 3 January 2017. These consisted of the following number of aggregation processes.

Type A – 310: Post 2014 Membership aggregation;

Type B – 238: Pre/post 2014 Membership aggregation

Type D – 450: Pre 2014 Membership aggregation

Type DOPT - 104: Pre 2014 Membership aggregation, option form received

In many instances the member would have required processing as a mixture of aggregation types.

Context and Audit Comment:

The current audit has been conducted as part of the 2017-18 Audit Plan and has sought to confirm that pension transfers and aggregations have been processed in such a way as to minimise the risk of loss or error.

In order to arrive at our conclusions, we have met with officers from a number of teams to discuss processes and have reviewed a selection of supporting evidence for the processes concerned.

Internal Audit Report – Pension Transfers and Aggregations

Our overall view is that the Avon Pension Fund has good systems of internal control that effectively reduce the risks associated with the processing of transfers and aggregations. Good practice was apparent in a number of areas and the issues identified within this report do not include any matters considered to constitute a significant risk to the effective operation of the fund.

We identified the following strengths:

Procedures included a number of 'workflow' processes that have been developed within excel and incorporated into Altair. These guide officers through a number of 'tasks' and 'checklists' containing mandatory/optional actions that help ensure all key steps within a process are carried out.

Workflow 'tasks' for transfers out provide a good degree of separation of duties, ensuring that they are carried out by officers of a suitable seniority and that calculations are independently checked for reasonableness, reducing the risk of errors.

Good records are retained of relevant qualifications held by and training attended by APF staff which shows that there is an active and on-going programme ensuring staff development.

Processes are in place for monitoring changes in legislation or regulations and these changes and their implications are regularly discussed by APF managers.

The ability to update and amend standing data such as factor tables/RPI/CPI which could affect transfer and aggregation calculations is restricted to a small number of system administrators and there are good records of changes that have been made.

High value transfers out (over £100k) require an additional level of checks and authorisation, ensuring effective supervisory control.

BACS payment runs are approved by an APF manager before being released by a member of the Pensions Payroll team. In addition, there is robust evidence retained of checks by both a member of the Pensions Payroll team as well as an APF manager that all proposed payments match those on the individual payroll interface documents generated by the Member Services team.

Relevant and comprehensive information had been provided to all members within our sample including letters notifying them of automatic aggregations as well as option forms with supporting background information in cases where more than one option was available.

The Altair system is effectively used to hold supporting records for transfers out and aggregations.

Transfers out are only completed once the approval of the member has been received.

Counter fraud processes include research and background checks on Schemes Receiving Schemes for transfers out.

We identified the following weaknesses:

There is a significant backlog of cases that require aggregation. These have arisen due to the complex nature of aggregations following the introduction of CARE in 2014 and delays in the issuing of regulation amendments by central government, which it is hoped will simplify the process.

Internal Audit Report – Pension Transfers and Aggregations

Target times for the preparation of transfer quotations and processing of transfer actuals are currently being RAG rated as 'red'. It is noted that the quotation times have been improving throughout the previous year (based on the most recent report to the APF Committee).

Some key processes such as those for inter-fund transfers have yet to be work-flowed and incorporated into Altair as tasks and checklists.

Evidence had not been retained of quality checks following the update of factor tables to Altair.

Links to reference material contained within the 'Transfer Out Control Spreadsheet' were broken in three instances.

Task TVOAYES contained a number of checklist items whose designation as 'mandatory' or 'optional' were not felt to flow logically.

Audit & Risk Personnel:

Lead Auditor: Gary Spratley

Acknowledgements:

Sincere thanks to Geoff Cleak, Pensions Manager and members of the Pensions team for their help and assistance provided throughout the Audit review.

Internal Audit Report – Pension Transfers and Aggregations

ACTION PLAN

MEDIUM RISK EXPOSURE				
	Weakness Found	Implication or Potential Risk	Recommendation(s)	Responsible Officer Management Comments Implementation Date
M1 Page 86	<p><u>Aggregation Backlog</u></p> <p>There is understood to be a significant backlog of aggregation cases numbering around 2,000. This is believed to be due to a number of factors including complexity of current regulations and delays in the publication of revised guidance from central government.</p> <p>As the processing of these aggregation cases is not deemed to be urgent, management have felt that it may be better to delay their processing until updated guidance has been received from central government, which may simplify the process and allow the cases to be dealt with more efficiently. The timescales for this guidance arriving however, are as yet unknown.</p> <p>From discussion with management it was also indicated that this is an issue affecting all LGPS pension funds across the UK.</p>	<p>Pension calculations may not be accurate or may not reflect the options desired by the member.</p>	<p>The APF should continue with its plans for a project to tackle and eliminate the backlog of aggregation cases.</p>	<p>We are currently working on a proposal which should enable the team to clear the backlog of aggregation cases by the end of the Summer 2018. Once these cases are cleared it is hoped that the amendment regulations will have been issued greatly simplifying the process, however, if this is not the case then we will further consider how we ensure that any new cases are dealt with as and when they arise.</p> <p>Proposed Implementation date:- March 2018</p>

Internal Audit Report – Pension Transfers and Aggregations

MEDIUM RISK EXPOSURE				
	Weakness Found	Implication or Potential Risk	Recommendation(s)	Responsible Officer Management Comments Implementation Date
M2	<p><u>Performance Indicators</u></p> <p>The APF have established challenging targets for the time taken to process transfer out quotations and transfer out payments, being 10 working days in each case. The report to the Pensions Committee dated 8 December 2017 shows that performance against these targets is rated 'red' for each quarter during the preceding twelve months.</p> <p>For quotations, the % of cases processed within 10 days has ranged from 5.3% to 33.1% and has been improving across all four quarters reported.</p> <p>For transfer out payments, the % of cases processed within 10 days has ranged from 32.3% to 66.7% and has fluctuated across each quarter.</p> <p>It is noted from discussion that statutory targets for these processes are much lower, being in the region of three months.</p>	<p>Member satisfaction may be impaired.</p> <p>Reputational damage to the APF.</p>	<p>The APF should continue working to improve its processing times for quotations and transfer out payments.</p> <p>Consideration should also be given to reducing the targets to a more realistic and meaningful level.</p>	<p>We will be putting in place new reporting on statutory requirements, with regards to the processing of transfers out, to ensure that we are at least satisfying these requirements.</p> <p>Whilst we have in the past considered relaxing existing SLA targets that are currently in place to a more realistic level, as these targets are based on CIPFA benchmarking we feel that it is important to continue to test ourselves against these. We will consider relaxing the RAG rating attached to these reports.</p> <p>Proposed Implementation date for new statutory reporting:- End February 2018</p>

Internal Audit Report – Pension Transfers and Aggregations

MEDIUM RISK EXPOSURE				
	Weakness Found	Implication or Potential Risk	Recommendation(s)	Responsible Officer Management Comments Implementation Date
M3	<p><u>System Parameter Changes</u></p> <p>There are currently no records of spot checks undertaken on the correct importation of factor amendments into the Altair system, other than a system generated control report which states the number of warnings/errors that have occurred.</p>	<p>Uploaded data may be applied at the incorrect rate or to the incorrect group of members without being promptly identified.</p>	<p>Consideration should be given to carrying out spot checks, say 10 per upload, that factor figures have been imported accurately and applied to the correct member category.</p>	<p>Whilst we were unable to provide evidence of spot checking having been carried out in respect of the factor changes picked up, we are confident that we have an informal system in place for this. Going forward we will ensure that cases that are used for spot checking are evidenced following each new factor table update.</p> <p>Proposed Implementation date:- Immediately (i.e. January 2018)</p>

Internal Audit Report – Pension Transfers and Aggregations

MEDIUM RISK EXPOSURE				
	Weakness Found	Implication or Potential Risk	Recommendation(s)	Responsible Officer Management Comments Implementation Date
M4 Page 89	<p><u>Process Workflow Development</u></p> <p>Whilst there are very detailed workflow processes established for aggregations and some types of transfers out that have then been incorporated into Altair as tasks and checklists, some significant processes such as inter-fund transfers have not yet been reviewed and streamlined in this way.</p> <p>We note however that there are historical procedures which are available to staff covering these areas.</p>	<p>Working practices may not be optimised for peak efficiency.</p> <p>Risk of errors may be increased.</p>	<p>The APF should continue its planned project work to ensure that remaining key processes such as those relating to inter-fund transfers are reviewed and streamlined into workflows that can be incorporated into Altair as tasks and checklists.</p>	<p>The continuation of development of new workflows is ongoing with 8 new workflows, including interfunds in and out, having been developed and passed to the systems team for creation in December 2017.</p> <p>Proposed Implementation date:- Imminent (i.e. by end March 2018)</p>

Internal Audit Report – Pension Transfers and Aggregations

LOW RISK EXPOSURE				
	Weakness Found	Implication or Potential Risk	Recommendation(s)	Responsible Officer Management Comments Implementation Date
L1	<p><u>Workflow Processes</u></p> <p>Checklist items within the TVOAYES workflow task did not always appear logical. Item "Have Discharge Forms Prev been Sent" is an optional action, whilst the follow on checklist item "Yes-Check Necessary Forms Fully Comp" is mandatory. A further follow on item "No - Generate Relevant Discharge Forms" is optional.</p> <p>This suggests that it is not mandatory for an officer to consider whether discharge papers were previously sent but even if they did consider this and found the papers had not been sent, it would not be mandatory for them to do so now.</p>	<p>Increased risk of errors in transfer out processing.</p>	<p>Consideration should be given to whether these checklist items should be revised in terms of whether they are optional or mandatory.</p>	<p>This checklist has been reviewed and amended in line with the recommendation.</p> <p>Proposed Implementation date:- Already Actioned</p>

Internal Audit Report – Pension Transfers and Aggregations

LOW RISK EXPOSURE				
	Weakness Found	Implication or Potential Risk	Recommendation(s)	Responsible Officer Management Comments Implementation Date
L2	<p><u>Guidance Documents</u></p> <p>As at the time of testing the following links within the 'Transfer Out Control Spreadsheet' were found to be broken:</p> <ul style="list-style-type: none"> • Transfer Out GAD Guidance April 2016; • Transfer Out Factors April 2016; • Transfer Out GAD Guidance March 2014. 	<p>Out of date guidance/reference material may increase the risk of errors.</p>	<p>Guidance/reference documents such as the 'Transfer Out Control Spreadsheet' should be updated periodically to ensure they remain current.</p>	<p>The control spreadsheet has been reviewed and updated in line with this recommendation and will be reviewed periodically to ensure all links are active and correct.</p> <p>Proposed Implementation date:- Already Actioned</p>

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Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	15 February 2018	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.

4.5 As in the previous report, the risk from the transfer of skills/knowledge from the Fund to the Brunel Pensions Partnership (risk #R28) remains high. Actions to mitigate this are being put in place.

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 - TOP 10 RISKS

Owner(s): Liz Woodyard / Geoff Cleak

Date updated: 25/01/2017

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

#	DESCRIPTION	DATE ENTERED	RISK OWNER	CATEGORY	RISK SCORE										TOTAL	CURRENT OVERALL STATUS	PERIODS AGO			CURRENT STATUS OF ACTIONS	ACTIONS TO MANAGE RISK	
					Likelihood					Impact							1	2	3			
					1	2	3	4	5	1	2	3	4	5								
1	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 has been 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					5							20	HIGH	H	H	M	Potentially off target	Complete PDR process with all staff to identify training and professional qualification needs based on Service requirements. re BPP - significant impact with loss of 3 FTE staff. Interim plan to rebuild team reflecting transition of assets to BPP is being put in place. Will include buying in resource from advisors or BPP as appropriate. Investment work programme is being risk reviewed to ensure only priority work will be undertaken in the short term. 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.
2	R22 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							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 a participant in the 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.	
3	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 a self-assessment of training needs is undertaken to ensure knowledge gaps are identified and addressed in the training plan. This is now more important in order for the Fund to comply with MIFID2.	

4	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 Fund implements risk management strategies as appropriate to increase probability that funding plan will be achieved. 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.
5	R51 Page 96	Risk of Fund retaining 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.	
6	R56	Significant increase in employers especially if all schools convert to academy status.		Pensions Manager	Admin Strategy			4			3			12	MEDIUM	M	M	M	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.	
7	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	M	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.	

8	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. Implications and impact of upcoming EU General Data Protection Regulations (GDPR) - ensure systems and processes in place to comply with legislation - required May 2018	01-Jul-08	Pensions Manager	Admin Strategy		3						4		12	MEDIUM	M	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 2018 to reinforce awareness. Project group set up to look at implications of GDPR in conjunction with corporate Information Governance team and assess current processes and improvements to be made.
9	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	M	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. Move of Altair to a Windows platform successfully took place in Sept 2017. Java technical platform change for payroll support still needs to be undertaken - Approx 17 week project requiring min of 2 months of dual processing	
10	R54	The Fund is a participating fund in the Brunel Pension Partnership for pooling its assets. The Company is now established and working towards FCA authorisation, getting fully staffed and developing transitions plan for assets. 2 significant risks 1) transition of local funds to new custodian and 2) FCA application. A delay in either 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	M	M	On target	The governance structure is in place. Governance structure ensures Committee, Board and officers effectively manage the new relationship. Expert advice has been commissioned to advise on FCA authorisation, custody transition and related issues. Advice will continue to be commissioned as required. Interim resources in place to support client side of the pool. 7 of 10 funds transitioned to new custodian. Process in place to ensure no delay to transition of assets and agreement of how any extra costs due to delays will be shared.	

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Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	15th February 2018	AGENDA ITEM NUMBER
TITLE:	Training & Work Plan 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.

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
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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

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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

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
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		
Review of outcome of GMP reconciliation						X
Review of Complaints/IDRP Procedures						X