

# Pension Board

**Date:** Thursday, 24th May, 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



**Sean O'Neill**

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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:-**

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

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

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

The Council will broadcast the images and sound live via the internet [www.bathnes.gov.uk/webcast](http://www.bathnes.gov.uk/webcast) The Council may also use the images/sound recordings on its social media site or share with other organisations, such as broadcasters.

4. **Public Speaking at Meetings**

The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group. They may also ask a question to which a written answer will be given. **Advance notice is required not less than two full working days before the meeting. This means that for meetings held on Thursdays notice must be received in Democratic Services by 5.00pm the previous Monday.** Further details of the scheme:

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

5. **Emergency Evacuation Procedure**

When the continuous alarm sounds, you must evacuate the building by one of the designated exits and proceed to the named assembly point. The designated exits are signposted. Arrangements are in place for the safe evacuation of disabled people.

6. **Supplementary information for meetings**

Additional information and Protocols and procedures relating to meetings

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

**Pension Board - Thursday, 24th May, 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
8. PENSION BOARD ACTION LOG (Pages 7 - 8)
9. MINUTES OF THE MEETING OF THE AVON PENSION COMMITTEE OF 23RD MARCH 2018 (Pages 9 - 10)

The public minutes of this meeting may be viewed at:

<https://democracy.bathnes.gov.uk/documents/g4258/Printed%20minutes%2023rd-Mar-2018%2014.00%20Avon%20Pension%20Fund%20Committee.pdf?T=1>

A copy of the exempt minutes is attached.

10. MINUTES OF THE MEETING OF THE AVON PENSION COMMITTEE INVESTMENT PANEL OF 21ST FEBRUARY 2018 (Pages 11 - 14)

The public minutes of this meeting may be viewed at:

<https://democracy.bathnes.gov.uk/documents/g5068/Printed%20minutes%2021st-Feb-2018%2014.00%20Avon%20Pension%20Fund%20Committee%20Investment%20Panel.pdf?T=1>

A copy of the exempt minutes is attached.

11. BRUNEL UPDATE - ORAL REPORT (Pages 15 - 20)
12. LGPS UPDATES (Pages 21 - 28)
13. AVON PENSION FUND SERVICE PLAN 2018/21 (Pages 29 - 32)
14. LEGAL TIMEFRAMES UPDATE (Pages 33 - 38)
15. COMPLIANCE REPORT (Pages 39 - 62)
16. RISK MANAGEMENT UPDATE (Pages 63 - 68)
17. TRAINING, WORK PLAN AND BUDGET UPDATE (Pages 69 - 76)
18. FORWARD LOOK
19. DATE OF NEXT MEETING

The next meeting of the Board is scheduled to be held on Thursday, 19 July 2018 at 2pm in the Kaposvar Room, Guildhall, Bath.

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

## 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	
Blue	Open
Green (G)	Completed
Amber (A)	In Progress
Red (R)	Outstanding

Ref	Action	Who	Deadline	Comments	Status
	<b>(1) November 2017</b>				
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	Summer 18	The Pensions Administration Strategy is planned for review in Spring/Summer 18	Open
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  Actioned - Report and appendix prepared and included in May report.	G
1.5	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.	LPB		Awaiting SAB Report	Open
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	Verbal response at May LPB meeting	G
	<b>(2) February 2018</b>				

2.0	The Board requested that RAG Status colour on Action Log should be supplemented by initial letter	Admin GC	May 18	Actioned	G
2.1	The Board have requested that for LGPS update report – outstanding/unresolved issues to remain on schedule	Admin Tech	May 18	Noted	G
2.2	The Board requested a list of 'repeat offender' late payers who had made late payments in each of the last three years to be presented at the next meeting	Admin GC	May 18	Noted – see compliance report 8.4	G
2.3	The Board would review the full Risk Register via available online access link and email Head of Business Finance & Pensions with any concerns	LPB	May 18	No information available	R

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

## Agenda Item 9

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

## Agenda Item 10

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# Brunel Pension Partnership

# BOB

## Brunel Oversight Board Meeting

### Minutes

**Purpose:** To review Brunel/Client progress agree next steps

**Date and time:** Thursday 18 January 2018, 10:30 – 13:00

**Location:** Brunel Offices, 101 Victoria Street, Bristol, BS1 6PU

**Dial-in details:** 0330 336 1949 leader pin 461405 participant pin 429632

<b>Invited:</b>		
<i>Pension Committee Representatives</i>		
David Veale	Avon	
John Chilver	Buckinghamshire	Apologies
Derek Holley	Cornwall	Phone
Rufus Gilbert	Devon	
Peter Wharf	Dorset	Phone
Joanne Segars	EAPF	Apologies
Ray Theodoulou	Gloucestershire	Chair
Kevin Bulmer	Oxfordshire	Vice-Chair
Mark Simmonds	Somerset	
Tony Deane	Wiltshire	
<i>Member representative observers</i>		
Andy Bowman	Scheme member rep.	
Ian Brindley	Scheme member rep.	
<i>Fund Officers and Representatives</i>		
Liz Woodyard	Avon, CG	Apologies
Tony Bartlett	Avon	
Julie Edwards	Buckinghamshire	
Mark Gayler	Devon	
Richard Bates	Dorset (finance)	Phone
Craig Martin	EAPF CPO	
Mark Spilsbury	Gloucestershire	
Sean Collins	Oxfordshire	
Anton Sweet	Somerset	Apologies
Nick Weaver	Wiltshire	
Nick Buckland	JLT Client Side Executive	
Sophie McClenaghan	JLT Client Side Assistant	Minutes
<i>Brunel Pension Partnership Ltd</i>		
Denise Le Gal	Brunel, Chair	
Steve Tyson	Brunel Shareholder NED	Phone
Matthew Trebilcock	Brunel, CRD	
Dawn Turner	Brunel, CEO	
Mark Mansley	Brunel, CIO	
Laura Chappell	Brunel, CCRO	
Mike Clark	NED and Chair of ARC	

Item	Agenda	Paper provided	Owner
1	Confirm agenda Requests for AOB Any new declarations of conflicts of interest	Agenda  C of Interests	Chair
	No AOB was requested. There were no new conflicts of interest received.		
2	Review 24 November BOB minutes	Minutes	Chair
	<p>The BOB approved the minutes. All actions had been completed/ were covered on the agenda.</p> <p>NB summarised LC's answers to questions raised at the previous meeting regarding the code of conduct. The answers were as follows:</p> <ol style="list-style-type: none"> <li><i>whether members would be required to disclose all personal dealings;</i></li> </ol> <p>At this stage we think not, BOB members are far enough removed from the process to not be in a position to influence our choice of manager, nor for them to know what transactions we would be completing. Generally they would only know after we have appointed a manager and not play any part in the selection process.</p> <p>However we should discuss the use of a stop list with the CG while we are procuring managers – i.e. not dealing personally in shares for the underlying managers for a short period while contracts are agreed and made public so as to avoid any potential front running considerations by CG.</p> <ol style="list-style-type: none"> <li><i>whether members have to disclose any level of interest in the fund or if there will be a minimum disclosure level;</i></li> </ol> <p>Did BOB mean fund manager or membership of the LGPF? If they hold the funds of the manager its unlikely there would be a conflict as I can't see a situation where having any knowledge might influence fund unit price, it would only influence the price of the shares of the manager. The only conflict would be if they held shares in the underlying managers, and again as per above, they are far enough removed from the process not to have any insider knowledge. We should remind them of the obligation to act with integrity and not to front run if they do have insider knowledge in the code though. I will do edits to the code to reflect this, although they're going to be a bit legalese!</p> <ol style="list-style-type: none"> <li><i>relevant legislation from the employment act to be referenced as a definition for bullying in section 10;</i></li> </ol>		

	I'll add it's actually harassment, bullying isn't covered by law curiously. The relevant regulation has now been included.		
3	Brunel Update Report	Update report	Chair/ MT
	<p>MT presented the papers with a focus on Appendix 1. This report will be a standing item going forward since the shareholders agreement requires regular business updates from Brunel. Brunel is still in its formation stages so not all required areas are yet relevant but the report will evolve over time. The report will be updated quarterly so may be some repetition depending on the dates of BOB.</p> <p>Key points included:</p> <ul style="list-style-type: none"> <li>• 7 of the funds have now transitioned custody across to Statestreet</li> <li>• FCA application is ongoing. Brunel envisages approval will be received prior to 1 April target. Example of the Central Pool was given.</li> <li>• Tax management solutions – Brunel have worked with PWC, Alpha and other relevant bodies to establish the most cost effective tax solution. Brunel haven't seen the level of response from the fund managers they were hoping for so are investigating alternative approaches to effectively manage the potential tax implications. Work has been shared and agreed with Client Group.</li> <li>• There have been numerous personnel appointments including the Head of Private Markets; Richard Fanshawe. 8 appointments remain outstanding but Brunel expects many to be filled in the near future. The investment team will total 12 when complete.</li> <li>• IB questioned whether the failure or disruption of another pool is a real risk. DT confirmed that this could be an issue, changes in senior management of other pools and a change of minister is a risk for pools. An additional concern is that the Government may wish to see results of pooling faster than it is possible therefore may change the initiative.</li> <li>• 3 reserved matters were issued before Christmas. All matters were approved. <b>Brunel will write to shareholders shortly to confirm the result.</b></li> <li>• DH asked if FCA approval wasn't received by 1 April, would this hold everything up. LC, in short yes, but it would depend on how long the delay was to what the cost saving impact would be. There is nothing to lead Brunel to believe at this stage that there will be any hold up. Positive feedback from FCA so far, only the IT side is outstanding. The Central pool received approval this week.</li> <li>• DH queries Brunel's relationship with Future-fit. DT explained that Future-fit is an organisation which collects data from companies such as Brunel with the aim of encouraging them to become more sustainable. <b>Brunel to evaluate the wording in the business report.</b></li> <li>• KB noted that the sustainability section is very helpful for members. MC also noted that there will be political and public interest in sustainability going forward.</li> <li>• RT requested updates on cost savings to follow. DT replied</li> </ul>		<p>MT/ 26 Jan</p> <p>MT/ 22 Mar</p>

	that as soon as Brunel begin transitions it will provide a saving summary however as of yet there is nothing to report.		
4	ARC report	ARC report	LC/MC
	<p>MC, Chair of Audit, Risk &amp; Compliance Committee (ARC) provided an update on the Committee's progress. ARC met once in December and has a second meeting booked in February. The Committee's next agenda item is to appoint an internal auditor. MSI asked if the risk could be demonstrated with its relevant mitigation. <b>Brunel agreed to look at the format to ensure risks are disclosed clearly for members. It was agreed the main body would remain high level supported by a detailed Appendix.</b></p>		LC/ 22 Mar
5	Code of conduct policy	Code of conduct	SC
	<p>The special reserve matter has been approved therefore members of this board are now obliged to follow this code of conduct.</p> <p>One previously raised issue was ownership. BOB is the owner of the report. Any breaches should be reported to the Secretary (currently JLT) and the Chair of BOB, unless the Chair is reporting a breach, then they should report to the Secretary and the Vice Chair of BOB.</p> <p>If there is an investigation, whether the member steps down until the investigation is complete, is the discretion of the Chair. It is unlikely that a member of BOB would be in breach without breaching their local authority conduct requirements.</p> <p><b>Include the following wording in section 21/ 22 "In the first instance, the matter will be referred to the appropriate local authority monitoring officer"</b></p> <p>Subject any minor edits and the wording amendment which was delegated to the Chair of Client Group, the Code of Conduct Policy was approved.</p>		SC/ 31 Jan
6	Services Agreement	Services Agreement	LC
	<p>MG introduced the document which was initially formed by a sub-group of the Client Group who produced a list of required and elected services that should be provided by Brunel. The agreement was then developed between the Client Group, Brunel, Osborne Clarke and legal representatives of the Funds.</p> <p>LC looking for endorsement of the agreement, subject to any minor changes delegated to Chair of CG and Chair of BOB with the aim of getting the document signed and sealed in February.</p> <ul style="list-style-type: none"> <li>DH asked whether the agreement should be revisited after</li> </ul>		

	<p>12 months. LC: Yes absolutely, as well as the ongoing monitoring of Brunel's performance against the service agreement. the Client Group will formally review this agreement every 12 months</p> <ul style="list-style-type: none"> <li>• Fee schedule is currently draft as it uses assets under management as predicted at 31 March 2017. Brunel will be providing initial invoices no later than end February after it has received updated asset valuations.</li> <li>• (9.1) states reasonable, should it say best advice? LC confirmed that Osborne Clarke advised that reasonable is the best terminology. <b>SC to share OC's rationale with BOB.</b></li> <li>• Elective services – is there a risk that if too many clients chose elective services, the core services would be compromised. DT – no, elective services will be charged accordingly to not compromise core services. Elective services each contain a termination notice period of at least 30 days' notice.</li> <li>• (9.3) states associates of the manager. DT confirmed this is currently not applicable but it is future proofing. The Business plan lists all Brunel contractors. Brunel confirmed that any plans for associates would be included in the business plan in due course.</li> <li>• (4.4) manager will notify each client in the portfolio. It was requested that the notification be made to all clients. LC confirmed any notification would be included in the risk update and the business update.</li> <li>• RT highlighted Brunel's principles on P67 as being particularly useful for members.</li> </ul> <p>Members voted to endorse the services agreement.</p> <p>DLG mentioned the Local Authority Pension Fund Forum (LAPFF) – 7 of the 10 clients and Brunel are members. DLG noted that it would be great if all 10 were members.</p>		SC/ 26 Jan
7	<p>Portfolio update</p> <ul style="list-style-type: none"> <li>• Portfolio brochure</li> </ul>	Portfolio brochure	MM
	<p>SC introduced the paper which was a culmination of Client Group and Brunel interaction. BOB members are being asked to endorse the portfolio specifications to enable Funds to map across Fund strategies by the end March 2018. SC emphasised this doesn't mean the portfolios are set in stone, the CAD policy provides the ability for amendments to be made as portfolios evolve, however, Fund allocations to passive portfolios will be more than indicative as they will be the basis of the asset transition.</p> <p>MM provided an update of the detail of the document. Brunel have kept the document separate to services agreement to enable it to be a 'living' document. Fees haven't been included as this will become a public document and the inclusion of fees may undermine negotiations with managers.</p> <p><b>DT noted that the current paper should be treated as</b></p>		

	<p>confidential until the fees are removed, then the document may be shared. (Post meeting note-amended (non-confidential) version was circulated for use with Fund's Committees)</p> <p>The concern of sharing fees with pools is less of an issue as with Fund managers. <b>CM to ensure understanding of the fee and non-fee versions is made clear with JS.</b></p> <p>Private market specifications are still draft so likely to discuss with client group and come back. Fixed income is rather light as struggled to find portfolios so may be revisited if potential additional areas of interest are highlighted.</p> <p><b>Brunel to reissue with the typos and fees removed.</b></p> <p>MM agreed to include a hedged version of the developed world passive equity fund and confirmed he may look at a hedged version of the smart beta fund. Going forward Brunel will look at currency overlay and equity futures. Currency will be discussed further with the client group. LDI to be researched further however leveraged ILG will be provided as an interim portfolio to LDI. Hedging will be operated by a third party not Brunel.</p> <p>Currency hedging as an overlay is a strategic decision for clients to make, although individual managers will make tactical hedging decisions within the portfolios.</p>		<p>CM/ 26 Jan</p> <p>MM/JLT/ 19 Jan</p>
8	<p>AOB</p> <p>Future meeting dates</p> <ul style="list-style-type: none"> <li>- 18 January 2018</li> <li>- 22 March 2018</li> <li>- 31 July 2018</li> <li>- 1 November 2018</li> </ul>		Chair
	<p>ST noted that he is looking to get out and meet all of the Funds over the next few months. Funds should receive an email asking for suitable dates shortly.</p> <p>MM offered his support on portfolio allocation discussions or including attendance at meetings should clients think it useful.</p> <p>It was suggested that the July BOB meeting could be held immediately after the Brunel Board meeting on 18 July to include a celebration for Brunel's 1 year anniversary. <b>JLT to email members asking for availability for both the 18 July and 31 July.</b></p>		JLT/ 31 Jan

**Produced: JLT on 24/01/2018**



<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>LOCAL PENSION BOARD</b>
MEETING DATE:	<b>24<sup>th</sup> May 2018</b>
TITLE:	<b>LGPS Update – Latest Developments</b>
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:-</b> Appendix 1      Summary of Consultations and Surveys	

## **1 THE ISSUE**

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

## **2 RECOMMENDATION**

### **That the Pension Board**

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

## **3. FINANCIAL IMPLICATIONS**

- 3.1 There are no direct implications related to the Pension Board in connection with this report.
- 3.2 With regard to the Pension Fund there will be costs associated with setting up a pooled arrangement. These are a matter for the Pension Fund and will be costed once there is a decision as to the pooling arrangements to be established.

## **4 REPORT**

- 4.1 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.

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

## Update of Matters circulating that are likely to affect Scheme Administration    MAY 2018

Organisation	Subject	Link	Comments
HM Treasury	Pensions scams: consultation	<a href="https://www.gov.uk/government/consultations/pension-scams/pensions-scams-consultation">https://www.gov.uk/government/consultations/pension-scams/pensions-scams-consultation</a>  <a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/638844/Pension_Scam_consultation_response.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/638844/Pension_Scam_consultation_response.pdf</a>	<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	<a href="https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes">https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes</a>  <a href="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">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</a>	<p>APF responded to consultation in Feb 2017</p> <p>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><b>Government Actuary has issued an addendum to the guidance for Transfer and Divorce calculations</b></p>
	Reforms to public sector exit payments: response to the consultation	<a href="https://www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments">https://www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments</a>  <a href="http://www.legislation.gov.uk/ukxi/2017/70/pdfs/ukxi_20170070_en.pdf">http://www.legislation.gov.uk/ukxi/2017/70/pdfs/ukxi_20170070_en.pdf</a>  <a href="#">Bill stages — Public Sector Exit Payments (Limitation) Bill 2017-19 — UK Parliament</a>	<p>No Further progress</p> <p>Further clarification 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 immediate development on these has been reported</p> <p><b>A Private Member’s Bill the Public Sector Exit Payments (Limitations) Bill 2017 was introduced in Sept 2017 and its rescheduled second reading is set for 11 May 2018</b></p> <p><b>To date no details have been made available</b></p>

<b>HM Revenues &amp; Customs</b>	Revenue and Customs Brief 14 (2016): VAT, Deduction of VAT on pension fund management costs following Court of Justice of the European Union decision in PPG	<a href="https://www.gov.uk/government/publications/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision">https://www.gov.uk/government/publications/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision</a>	Changes to the reclamation of VAT on fund management costs may affect LGPS funds once pooling is in place. These changes were originally due with effect from 1st January 2017 but have now been pushed back to 1st January 2018. Project Brunel will be keeping an eye on how it is evolving and take appropriate advice. Consultation closed 31 December 2017
<b>MHCLG</b>	LGPS Regulations: Amendment Regulations with Best Value & Fair Deal consultation and freedom and Choice options	<p><b>Regulations</b>  <a href="http://www.legislation.gov.uk/uksi/2018/493/contents/made">http://www.legislation.gov.uk/uksi/2018/493/contents/made</a></p> <p><b>Government response to consultation</b>  <a href="https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations">https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations</a></p>	<p><b><i>This consultation covers operational amendments to clarify areas of uncertainty within the original 2013 regulations</i></b></p> <p><b>Main changes</b>  <i>Inclusion of Exit Payment where Employer leaves Fund with a surplus</i>  <i>Change to allow members from previous regulations to elect for immediate benefits without employer consent if aged between 55 and 60 (subject to any other restrictions)</i></p> <p><b>Not included from draft</b>  <i>Simplifying aggregation so automatic transfer with 12 months to keep separate has been maintained. [The proposed change in the draft is contrary to the Public Services Pensions Act 2013 on the final salary link]</i></p> <p><b><i>Best Value and Fair Deal for the transfer of staff is to be brought forward at later date..</i></b></p> <p><b><i>Changes to regulations for Freedom and Choice despite numerous discussions with AVC providers will not be processed further and members will have to transfer out any AVC to take up any drawdown provision. [It would create substantial administrative complexities, primarily due to difficulties standardising procedures among a large number of AVC providers</i></b></p>
<b>New</b>	Insolvency regime for further education and sixth form colleges technical consultation	Technical and Further Education Act 2017	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

		<a href="http://www.legislation.gov.uk/ukpga/2017/19/contents">http://www.legislation.gov.uk/ukpga/2017/19/contents</a>  Consultation <a href="https://consult.education.gov.uk/fe-college-quality-and-resilience-team/fe-insolvency-regime/">https://consult.education.gov.uk/fe-college-quality-and-resilience-team/fe-insolvency-regime/</a>	<p>departmental responsibilities, this consultation was later taken over by the Department of Education.</p> <p>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.</p> <p>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.</p>
	Co habiting Partners Update  Elmes v Essex CC		<p>The Brewster court case in Northern Ireland raised the issue of whether this was overriding on the LGPS in England and outcome of this case was awaited to clarify the position.</p> <p>This case declared that</p> <p><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></p> <p>This effectively removed 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 regardless of whether a nomination form had been received. All such cases within the period 1 April 2008 to 1 April 2014 are to be reassessed 12 such cases have been identified and letters sent to the potential respective partners. The 2013 scheme regulations did not have this restriction.</p>
<b>The Pension Regulator (TPR)</b>	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)	<a href="http://www.thepensionsregulator.gov.uk/press/pn17-12.aspx">http://www.thepensionsregulator.gov.uk/press/pn17-12.aspx</a>  Response from TPR	<p>As part of its strategy to produce simpler guidance for occupational pension schemes, The Pensions Regulator (TPR) has recently published new <a href="#">investment guidance</a> for trustees.</p> <p>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.</p>

	Public Sector pensions website update	<a href="http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx">http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx</a>	The Regulator 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	<a href="http://www.thepensionsregulator.gov.uk/docs/public-service-research-2017.pdf">http://www.thepensionsregulator.gov.uk/docs/public-service-research-2017.pdf</a>	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.
<b>Information Commissioners Office</b>	General Data Protection Regulations (GDPR)	<a href="https://ico.org.uk/for-organisations/dataprotection-reform/overview-of-the-gdpr/">https://ico.org.uk/for-organisations/dataprotection-reform/overview-of-the-gdpr/</a>	<p>Comes into effect on the 25 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&amp;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&amp;NES process for rolling out.</p> <p>LGA on behalf of LGPS Administering Authorities, commissioned Squire Patton Boggs who have produced the following.</p> <p>1. 'Template privacy statements' specifically for LGPS administering authorities that administering authorities can use /adapt:</p> <p>a. A detailed privacy notice – setting out the information to be provided under articles 13 and 14 of the GDPR.</p> <p>b. A summary privacy notice for use in newsletters / annual benefit statements etc. –</p> <p>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).</p> <p><b>Privacy Notice</b>  <b>APF have adapted these with approval from BANES Data Protection Officer</b></p>

		<a href="http://www.avonpensionfund.org.uk/privacy-notice">www.avonpensionfund.org.uk/privacy-notice</a>	<p>however it still requires the insertion of BANES Privacy Notice (!). This will be published on the APF members' website</p> <p>All pensions staff to be informed, of its publication and how to direct members to it – if there are any calls about “data protection”</p> <p>Information about GDPR and the Privacy Notice has/will be going out to members via newsletter articles as well as being on the website.</p> <ul style="list-style-type: none"> <li>• Pensioner Newsletter (out by end of May)</li> <li>• Active Newsletter (out by end of May/early June)</li> <li>• Deferred Newsletter (out by mid-June)</li> </ul> <p>Memorandum of Understanding [MOU]</p> <p>The MOU has also been produced and approved and is expected to have been sent out before this Board meeting</p>
<b>Financial Conduct Authority (FCA)</b>  UPDATED	CP16/29: Markets in Financial Instruments Directive II implementation – Consultation Paper III	<a href="https://www.fca.org.uk/publications/consultation-papers/cp16-29-mifid-ii-implementation">https://www.fca.org.uk/publications/consultation-papers/cp16-29-mifid-ii-implementation</a>	<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><b>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. APF have opted up</b></p>
<b>Scheme Advisory Board(SAB)</b>  consultation	Academies' review  Academies	<a href="http://www.lgpsboard.org/index.php/structure-reform/review-of-academies">http://www.lgpsboard.org/index.php/structure-reform/review-of-academies</a>	<p>Ministers agreed that DfE, DCLG, GAD and the Board should continue to work closely together to pursue solutions, engaging key stakeholders including pension funds, actuarial firms and academy trusts as appropriate.</p> <p>The next stage will be to gather relevant evidence and develop specific 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  UPDATED	Cross Pooling		<p><b>In February 2018 SAB approved an elected member led Cross Pool Forum comprising three representatives from each of the eight pools and three trade union representatives to share and disseminate information on the pooling of LGPS assets and steps are being be taken to establish this</b></p>

		<a href="http://www.lgpsboard.org/images/PDF/Publications/Cross_Pool_Open_Forum_main_slide_pack.pdf">http://www.lgpsboard.org/images/PDF/Publications/Cross_Pool_Open_Forum_main_slide_pack.pdf</a>	<b>As a result of the responses to the consultation on 27th March 2018 the Chairs of LGPS pension committees and local pension boards attended an open session where representatives from the eight asset pools reported on their progress in establishing their organisational structures and governance arrangements. A copy of the presentations used on the day is included here..</b>
UPDATED	Tier 3 employers	<a href="http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid">http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid</a>	<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> <p><b>Aon reported to SAB on progress made to date and it was agreed that once they had analysed the information received they will prepare their draft report for consideration at the next Board meeting on the 27th June 2018.</b></p>
The Pensions Ombudsman [TPO] NEW	Publication of the Pensions Ombudsman public pension scheme statistics enquiries & investigations	<a href="http://lgpslibrary.org/assets/bulletins/2018/168App1.pdf">http://lgpslibrary.org/assets/bulletins/2018/168App1.pdf</a>	<b>The Pensions Ombudsman has released a summary of the statistics concerning the enquiries and investigations undertaken on behalf of the Local Government, Police, Firefighters and Teachers Pension Schemes. For the LGPS, the statistics reveal that ill health remains the most common type of complaint, followed by incorrect calculations.</b>

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



Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	24 May 2018	AGENDA ITEM NUMBER
TITLE:	Service Plan 2018/2021	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Hyperlink to : 2018 – 21 Service Plan and Budget (including 5 Appendices)		
<a href="https://www.avonpensionfund.org.uk/avon-pension-fund-service-plan-budget-2018-2021">https://www.avonpensionfund.org.uk/avon-pension-fund-service-plan-budget-2018-2021</a>		

## 1 THE ISSUE

- 1.1 The purpose of this report is to present to the Board the 3 Year Service Plan and Budget for the Pension Fund for the period 1 April 2018 to 31 March 2021.
- 1.2 The service Plan was presented and approved by the Pension Fund Committee in March and details development proposals that are planned to be undertaken during the next 3 financial years. These are designed to respond to known legislative changes and Committee initiatives as well as to take the Service forward by improving performance and overall quality of service to its stakeholders.

## 2 RECOMMENDATION

- 2.1 That the Board notes the 3 Year Service Plan and Budget for 2018-21 for the Avon Pension Fund.

## 3 FINANCIAL IMPLICATIONS

- 3.1 The administrative and management costs incurred by the Avon Pension Fund are recovered from the employing bodies through the employers' contribution rates.
- 3.2 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 201609 provide that any costs, charges and expenses incurred administering a pension fund may be paid from it.
- 3.3 Financial implications are contained within the body of the Report.

## 4 SERVICE PLAN 2018-21

4.1 The Service Plan sets out the Pension Fund's objectives for the next three years. The three year budget supports the objectives and actions arising from the plan including work relating to the investment strategy, risk management and compliance and improvements in the administration of the Fund.

4.2 The main focus of this plan is as follows:

- (i) To work with Brunel Client Group and Brunel to ensure efficient transition of assets and full consideration of investment, financial and governance issues. Ensure Committee and Board kept up to date of progress.
- (ii) To complete implementation of the IT strategy to achieve a digital step change in service delivery and to mitigate service demand growth.
- (iii) To undertake an interim valuation to provide indication for budgeting and to review funding strategy and implications for investment strategy.
- (iv) To undertake a review of the Administration strategy to include development of a new chargeable service offer.

4.3 Full details of the 2018 - 21 Service Plan are included in the Annex. Appendix 3 of the Service Plan shows the new medium term targets for 2018-19

## 5 RISK MANAGEMENT

5.1 The Avon Pension Fund Committee is the formal decision-making body for the Fund. As such it has responsibility to ensure adequate risk management processes are in place. It discharges this responsibility by ensuring the Fund has an appropriate investment strategy and investment management structure in place that is regularly monitored. In addition it monitors the benefits administration, the risk register and compliance with relevant investment, finance and administration regulations. The creation of an Investment Panel further strengthens the governance of investment matters and contributes to reduced risk in these areas.

## 6 EQUALITIES

6.1 An equalities impact assessment is not necessary.

## 7 CONSULTATION

7.1 N/a

## 8 ISSUES TO CONSIDER IN REACHING THE DECISION

8.1 Are detailed in the report.

## 9 ADVICE SOUGHT

9.1 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.

<b>Contact persons</b>	<b>Budget</b> – Martin Phillips, Finance & Systems Manager (Pensions) (01225 395259) <b>Service Plan</b> -- Tony Bartlett, Head of Business, Finance and Pensions (01225 477302), Geoff Cleak, Pensions Manager (01225 395277), Liz Woodyard, Investments Manager (01225
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	395306)
<b>Background papers</b>	Various Accounting Records

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<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>LOCAL PENSION BOARD</b>
MEETING DATE:	<b>24 May 2018</b>
TITLE:	<b>PENSION FUND ADMINISTRATION PERFORMANCE AGAINST LEGAL STATUTORY DEADLINES  SUMMARY PERFORMANCE REPORT</b>
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:</b> Appendix 1 – Legal Requirement Reporting Schedule Appendix 2 – Cases completed during period ending 31 <sup>st</sup> March 2018	

## **1 THE ISSUE**

- 1.1 The Board had requested the Fund to provide a comparative report to reflect current APF SLA benchmarking targets already reported against published legal statutory deadlines.
- 1.2 The purpose of this report is to inform the Pension Board of performance figures for Fund Administration measured against these timescales for the three months to 31<sup>st</sup> March 2018.

## **2 RECOMMENDATION**

The Board is asked to note:

- 2.1 Avon Pension Fund performance to 31<sup>st</sup> March 2018 with regard to published legal statutory deadlines.

## **3 LEGAL REQUIREMENT REPORTING**

- 3.1 The information provided in this report is based on Avon Pension Fund's performance against regulatory requirements as set out in The Occupational & Personal pension Scheme (Disclosure of Information) Regulations (as amended) and the Occupational Pension Schemes (Transfer Values) regulations 1996, which require provision of information to members.
- 3.2 As recommended by the Pension Board in November 2017, a new suite of reporting has been developed to report on the Fund's performance against legal statutory deadlines.
- 3.3 Whilst initial reports have been developed to enable reporting to be produced for the last quarter (1<sup>st</sup> January to 31<sup>st</sup> March), further development is necessary

going forward to increase the number of reportable cases the new reporting is able to pick up. This will require extending the date range of the reporting period and is required as the legal requirements in some categories give a measurement period of up to 138 days (6 months) to complete a case compared to the funds existing SLA which gives a period of up to 30 days (1 month).

- 3.4 The additional reporting against legal statutory deadlines has required a significant amount of development time for officers across both the APF's Member Services section and B&NES Council's Financial Systems team. Without the bespoke development of workflow, which was carried out internally as part of the 2015 Pensions Admin Strategy, which enhanced the level of reporting available, it would not have been possible to report on the legal requirements as such reporting is not readily available as part of the software systems reporting capabilities.

## **4 APF PERFORMANCE**

- 4.1 Attached Appendix 2 measures APF disclosure performance against statutory legal deadlines as outlined in Appendix 1.

## **5 EQUALITIES**

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

## **6 CONSULTATION**

- 6.1 None appropriate

## **7 ISSUES TO CONSIDER IN REACHING THE DECISION(S)**

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

## **8 ADVICE SOUGHT**

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

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

	Requirement	Reporting Start Date	Reporting End Date	Other Information
<b>Retirement (from Active)</b>	Notification of retirement benefits 1 month from the date of retirement if on or after Normal Pension Age or 2 months from the date of retirement if before Normal Pension Age	Retirement Date	Date Retirement Options are Printed & Sent	
<b>Retirement (from Deferred)</b>	Notification of retirement benefits 1 month from the date of retirement if on or after Normal Pension Age or 2 months from the date of retirement if before Normal Pension Age	Retirement Date	Date Retirement Options are Printed & Sent	
<b>Deaths</b>	Calculate and notify dependant(s) of amount of death benefit as soon as practicable but no more than 2 months from becoming aware of death, or from date of request by third party (eg. personal representative).	Receipt of Death Certificate	Date Confirmation of Death Benefits Payable are Printed & Sent	We report on the first payment made in respect of a death case only, for example, we may have all necessary information to pay the surviving spouse a pension but may be waiting for further information, such as probate, to enable us to pay the death grant or vice versa.
<b>Refund of Contributions</b>	To inform members who leave the scheme of their leaver rights and options as soon as practicable and no more than 2 months from the date of initial notification of leaving.	n/a	n/a	APF should always be 100% compliant with this as on receiving a leaver notification we immediately write to a member to notify them of their right to a refund/deferred benefit or to give them the opportunity to advise us where they have re-joined the LGPS with another Employer/Authority.
<b>Deferreds</b>	To inform members who leave the scheme of their leaver rights and options as soon as practicable and no more than 2 months from the date of initial notification of leaving.	n/a	n/a	APF should always be 100% compliant with this as on receiving a leaver notification we immediately write to a member to notify them of their right to a refund/deferred benefit or to give them the opportunity to advise us where they have re-joined the LGPS with another Employer/Authority.

<b>Transfers In</b>	Obtain transfer details for transfer in, and calculate and provide quote to member within 2 months from the date of request.	Date of Request from Member	Date Transfer In Options are Printed & Sent	The clock is stopped on the Legal Requirement Reporting for the period that we are waiting for the transfer value from the sending scheme
<b>Transfers Out - Notification</b>	Provide details of transfer value for transfer out on request within 3 months from the date of request.	Date of Request from Member	Date Transfer Quotation is Printed & Sent	
<b>Transfers Out - Payment</b>	Make Payment of Transfer Value within 6 months of the relevant date. The relevant date is the date of the transfer value quote that was previously provided where they have elected to proceed with the transfer within the 3 month guarantee period, or is the date of processing the payment where they have elected to proceed with the transfer outside of the 3 month guarantee period.	Relevant Date of Transfer	Date Confirmation of Transfer Payment if Printed & Sent	
<b>Estimates</b>	Provide benefit quotations on request for retirements as soon as practicable, but no more than 2 months from date of request (unless there has already been a request in last 12 months).	Date of Request from Member	Date Estimate is Printed & Sent	APF policy on this is to provide one free estimate per year where the request is within 1 year of the intended retirement date. All other requests are chargeable in line with our policy



## Appendix 2

### APF Completed Cases - Performance against Statutory Legal Deadline

		Cases Last Quarter			
		Measured Against Statutory Legal Requirement			
		Target	Total Processed	Total Processed in Target	Percentage Processed within Target
Retirement (from Active)	Notification of Benefits	46 days	142	120	84.51%
Retirement (from Deferred)	Notification of Benefits	23/46 days	177	144	81.36%
Deaths	Notification of Benefits	46 days	142	120	84.51%
Refund of contributions	Notification of Entitlement	46 days	413	413	100.00%
Deferreds (early leavers)	Notification of Entitlement	46 days	1200	1200	100.00%
Transfers In	Provision of Quotation	46 days	44	38	86.36%
Transfers Out	Notification of Trf Value	69 days	119	106	89.08%
	Payment of Trf Value	138 days	24	20	83.33%
Estimates	Provision of Quotation	46 days	133	124	93.23%

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

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<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>LOCAL PENSION BOARD</b>
MEETING DATE:	<b>24 May 2018</b>
TITLE:	<b>PENSION FUND ADMINISTRATION – COMPLIANCE REPORT</b> <b>(1) SUMMARY PERFORMANCE REPORT TO 31 MARCH 2018</b> <b>(2) PERFORMANCE INDICATORS TO 31 MARCH 2018</b> <b>(3) TPR COMPLIANCE</b>
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
<p><b>List of attachments to this report:</b></p> <p>Appendix 1 – Membership data</p> <p>Appendix 2 – KPIs and Caseloads</p> <p>Appendix 2a – SLA Reporting Timetable</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<sup>st</sup> March 2018.
- 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<sup>st</sup> March 2018
- 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 March 2018.
- 5.2 The information provided in this report is based on the Avon Pension Fund's performance against the 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 (as amended) 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*. *Annex 2* has been amended to show the total cases processed over each quarter. *Annex 2a* has been included to provide further context around the measurement of APF performance against SLA targets.
- 5.4 The last quarter has shown further improvement in performance against SLAs in 10 out of 14 areas of administration work, this is despite receiving higher than usual volumes of leaver notifications due to employers fulfilling their year-end obligations. The project to clear the backlog of deferred cases was successfully completed mid-February with approximately 1400 cases being cleared in total. As predicted, work undertaken as part of the project has continued to have a negative impact on APF performance statistics for deferred cases over the quarter as it did over the last quarter, however, this should continue to improve going forward. A project to clear the backlog of inter-fund transfers was started in early March and despite no additional resource being allocated to this the Member Services team have made good progress and managed to clear 80 out of 190 cases to date. The next backlog to be addressed on the team will be member Aggregation cases for which the Fund administration is currently in the process of recruiting additional resource to address this significant backlog of work without impacting on 'business as usual' and performance in other areas.
- 5.5 Resource Update - The Member Services team have successfully recruited a temporary employee into the Assistant Pensions Officer position which had become vacant as the result of maternity leave. A half time Senior Pensions

Officer from the Quality Assurance team will also be temporarily seconded to the Employer Services Monthly Returns project from April onwards. Over the last quarter there was approx. 1 days processing lost due to an upgrade of the Heywood Altair system.

- 5.6 Admin Case Workload *Annex 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 March 2018 there were 7,671 7,775 cases outstanding (a decrease of 104 cases from previous report) of which 48.59% represents actual workable cases, ie 3727 cases, and 51.41% represents cases that are part complete, pending a third party response.

## **6 EMPLOYER PERFORMANCE**

- 6.1 *Appendix 3* highlights employer performance for the 3 months to 31 March 2018.
- 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 January to 31 March a total of 1700 leaver forms were received with an average accuracy rate of 75%. The increase from the last quarter is due to employers preparing for the year end process.
- 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 started the new process from January. B&NES are now live with IConnect but will start the process from April. Once all the Unitary Authorities and UWE are using IConnect there should be an overall reduction in leaver forms of at least a third. A further reduction is expected as the IConnect project is rolled out across all employers.
- 6.6 The project to roll out IConnect across the APF portfolio commenced at the end of March 2018. As at 14<sup>th</sup> May a total of 68 employers are now live and submitting returns monthly. A more detailed progress report will be included at the next PB meeting in July.

6.7 A review of the reporting for leavers will be necessary as the IConnect project is rolled out. All leavers are reported on the extracts and will be in target as long as the extract is received on time. However it will be necessary to identify any late leavers reported and to distinguish between true leavers and post changes, as well as recording how many paper leavers are received for retirements & death cases. The figures on appendix 3 include post changes for Bristol, South Glos & UWE.

## 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 March 2018 is calculated as 94.48%.

7.2 The Pension Committee has agreed the Fund's proposal to use a tracing agency to locate both missing and 'gone away' addresses. An initial scan of approximately 5,300 records has been undertaken to carry out mortality screening checks or confirm living as stated. Results are currently being processed ahead of the next stage to establish member/address match. A more detailed progress report will be included at the next PB meeting in July.

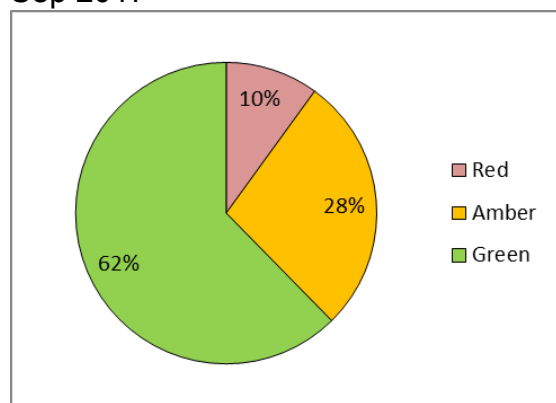
7.3

7.4 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.

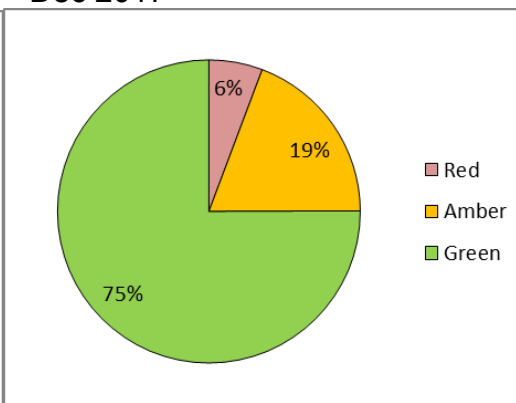
No. of employers Sept 2017	No of employers Dec 2017	No of employers Mar 2018	Queries	RAG rating
34	20	14	10% >	Red
94	67	43	0.1 to 10%	Amber
212	262	310	0%	Green

Equivalent % rating of whole Fund

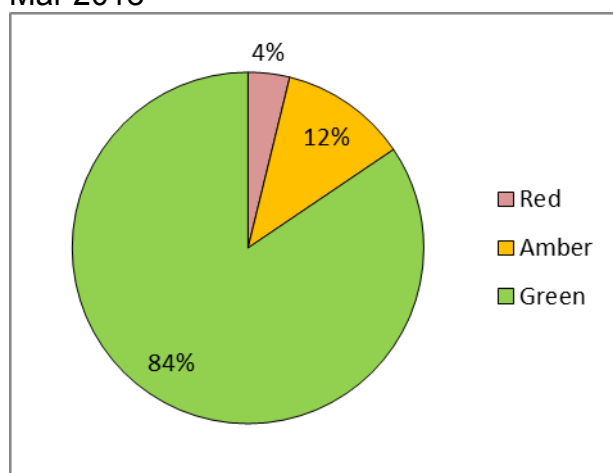
Sep 2017



Dec 2017



Mar 2018



Data for the Unitary Authorities is listed below.

Unitary authorities	Queries Sept 2017	Queries Dec 2017	Queries Mar 2018	Member ship	RAG	
BANES	283	87	38	3113	1.22%	Amber
Bristol City	165	82	64	88901	0.72%	Amber
North Somerset	45	6	0	2400	0.00%	Green
South Gloucestershire	63	61	54	5852	0.92%	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 31<sup>st</sup> March 2018. 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.
- 8.4 The Board had requested the Fund to undertake a review of late contribution payments and provide a list of 'repeat offenders' who made late payments in each of the previous three years since the establishment of the Board. On investigation the Fund found that no scheme employer had repeatedly failed across the period. Fund officers would keep the situation under review and report any such occurrences to the Board should they occur.

## **9 YEAR END / BREACHES**

### **9.1 Year End 2016/17 employer breaches**

9.2 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%

9.3 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.

9.4 EPM have gone live with IConnect in March 2018. 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.

### **9.5 Year End 2017/18**

9.6 Year end training sessions have now been completed

9.7 All year end spreadsheets were issued by 31 March with a deadline for returns of 30 April. An update will be provided at the next meeting.

## **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.

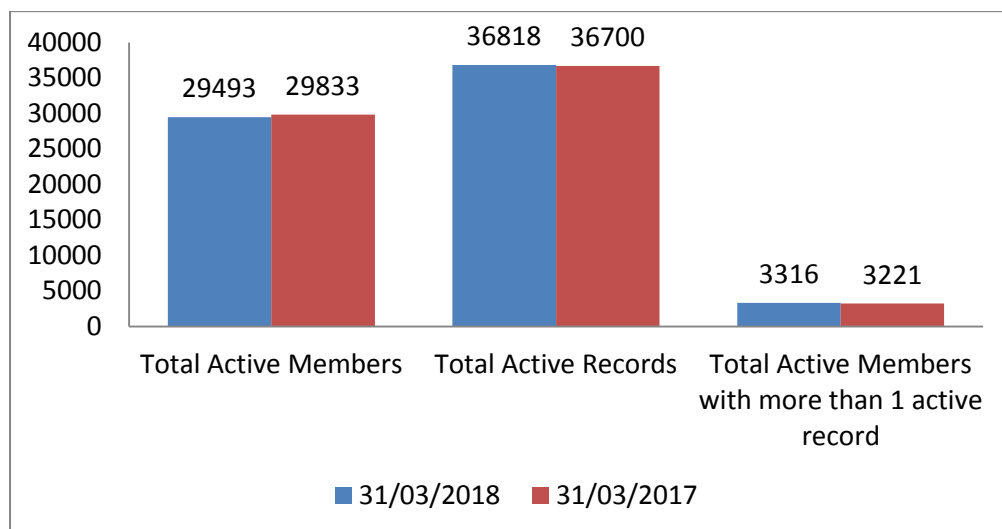
## **13 ADVICE SOUGHT**

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.

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

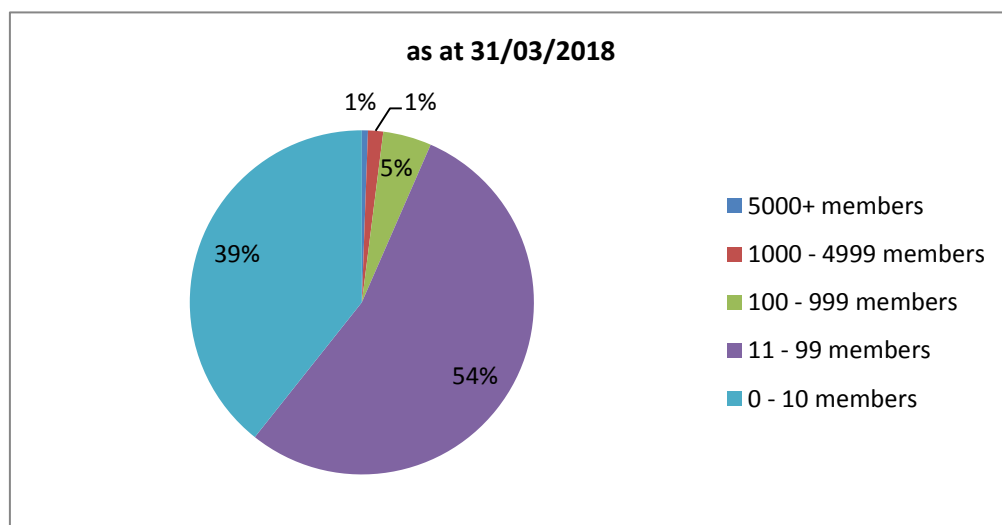


Annex 1 - Active membership



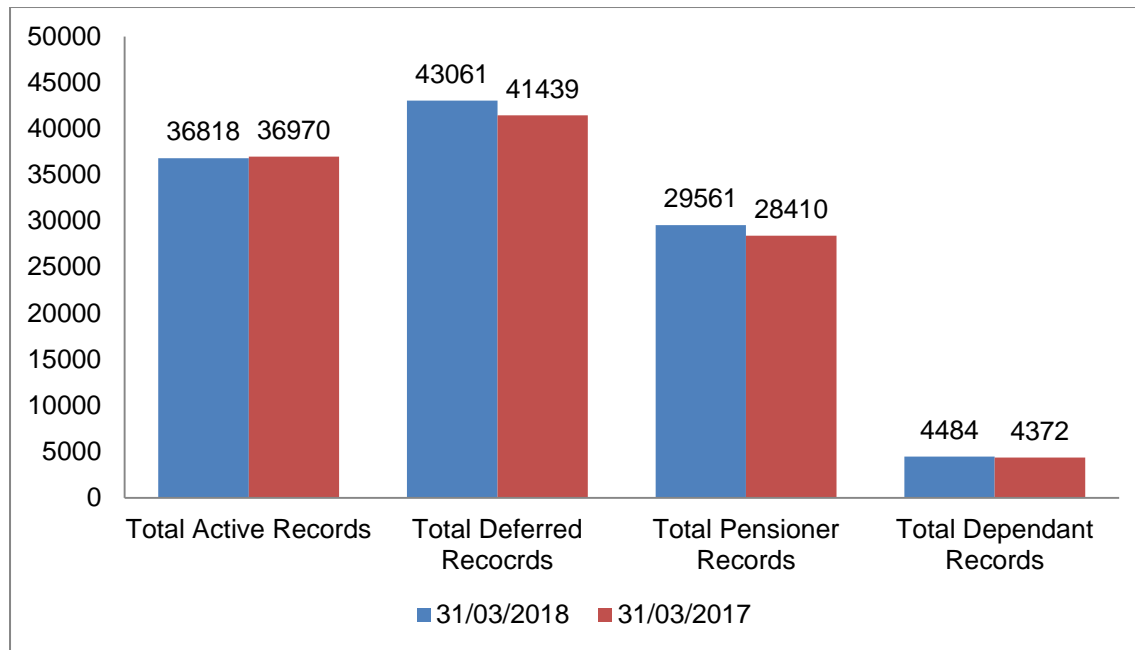
	31/03/18	31/03/17	+ / -
Total Active Members	29493	29833	- 340
Total Active Records	36818	36700	+118
Total Active Members with more than 1 active record	3316	3221	+95

Annex 2 - Employers / active member ratio



	31/03/18	31/03/17	+ / -
Number of employers with 5000+ members	2	2	-
Number of employers with between 1000 and 4999 members	5	5	-
Number of employers with between 100 and 999 members	19	16	+3
Number of employers with between 11 and 99 members	209	147	+62
Number of employers with between 0 and 10 members	152	116	+36
Total	387	286	+101

### Annex 3 – Total number of member records by type



	31/03/18	31/03/17	+ / -
Total Active Records	36818	36970	-152
Total Deferred Records	43061	41439	+1622
Total Pensioner Records	29561	28410	+1151
Total Dependant Records	4484	4372	+112

## Annex 1

		Cases Last Quarter				
		Measured Against SLA				
		Total Processed	Total Processed in Target	Percentage Processed within Target	Total Processed within 5 days of Target	Percentage Processed within 5 days of Target
Retirement (from Active)	Quote - 5 days	268	245	91.42%	12	95.90%
	Payment - 5 days	235	212	90.21%	13	95.74%
Retirement (from Deferred)	Quote - 30 days	144	69	47.92%	7	52.78%
	Payment - 5 days	286	261	91.26%	17	97.20%
Deaths	Notification - 5 days	94	91	96.81%	0	96.81%
	Payment - 5 days	90	74	82.22%	12	95.56%
Refund of contributions	Quote - 10 days	413	61	14.77%	35	23.24%
	Payment - 10 days	262	253	96.56%	1	96.95%
Deferreds (early leavers)	20 days	1200	668	55.67%	32	58.33%
Transfers In	Quote - 10 days	51	34	66.67%	11	88.24%
	Payment - 10 days	105	36	34.29%	21	54.29%
Transfers Out	Quote - 10 days	99	24	24.24%	7	31.31%
	Payment - 10 days	23	13	56.52%	3	69.57%
Estimates	10 days	165	73	44.24%	24	58.79%
		3435	2114	61.54%	195	67.22%

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	4	245	12	1	3	1	0	5
	Payment - 5 days	2	212	13	5	4	0	0	1
Retirement (from Deferred)	Quote - 30 days	39	76	7	8	4	9	4	36
	Payment - 5 days	-17	261	17	4	2	2	0	0
Deaths	Notification - 5 days	3	91	0	2	0	0	1	0
	Payment - 5 days	5	74	12	2	2	0	0	0
Refund of contributions	Quote - 10 days	22	52	9	35	116	83	44	74
	Payment - 10 days	4	239	14	1	1	1	2	4
Deferreds (early leavers)	20 days	20	348	100	123	97	32	30	470
Transfers In	Quote - 10 days	8	27	7	11	2	2	1	1
	Payment - 10 days	22	27	9	21	6	3	6	33
Transfers Out	Quote - 10 days	26	16	8	7	3	13	13	39
	Payment - 10 days	12	9	4	3	4	0	1	2
Estimates	10 days	15	50	23	24	24	14	17	13

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

SLA Standards for Processing Admin Tasks						
Work Type	Target Processing SLA	Q2 Apr 17 - Jun 17	Q3 Jul 17 - Sept 17	Q4 Oct 17 - Dec 17	Q1 Jan 18 - Mar 18	Trend
Retirement (from Active)	Quote - 5 days	62.41%	30.10%	61.54%	91.42%	
	Payment - 5 days	64.08%	44.22%	63.28%	90.21%	
Retirement (from Deferred)	Quote - 30 days	46.81%	34.00%	50.00%	47.92%	
	Payment - 5 days	71.51%	53.29%	68.22%	91.26%	
Deaths	Notification - 5 days	100.00%	90.48%	94.25%	96.81%	
	Payment - 5 days	59.09%	32.89%	42.25%	82.22%	
Refund of contributions	Quote - 10 days	86.46%	67.48%	81.32%	14.77%	
	Payment - 10 days	56.43%	96.79%	83.18%	96.56%	
Deferreds (early leavers)	Notification - 20 days	27.71%	95.56%	32.32%	55.67%	
Transfers In	Quote - 10 days	43.24%	24.44%	56.00%	66.67%	
	Payment - 10 days	20.00%	33.33%	33.33%	34.29%	
Transfers Out	Quote - 10 days	12.22%	33.10%	27.54%	24.24%	
	Payment - 10 days	66.67%	38.46%	45.00%	56.52%	
Estimates	Quote - 10 days	n/a	65.52%	64.50%	44.24%	
Total Cases Processed		3103	1956	2447	3435	

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

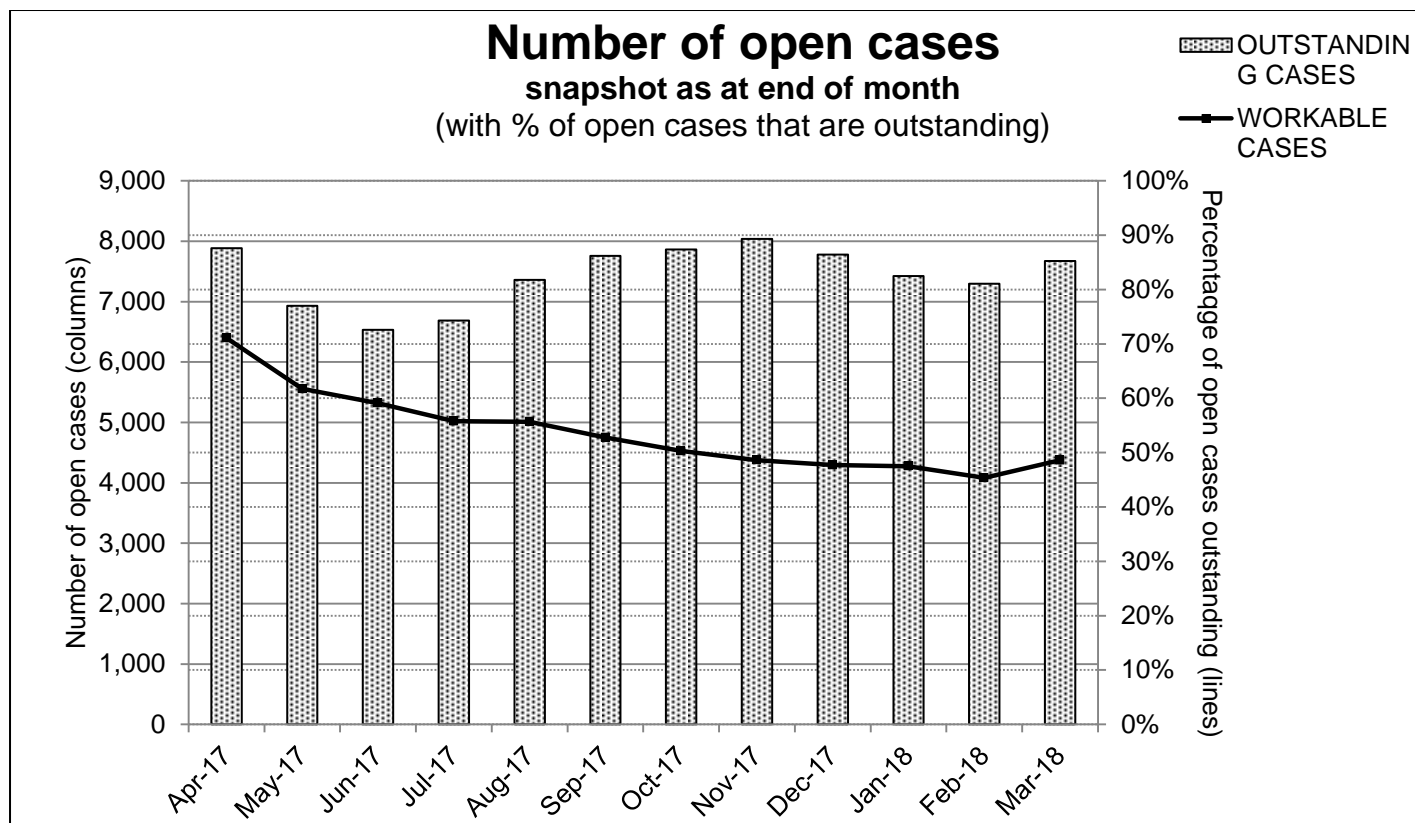
### Annex 3

Statutory requirements	Timescale/deadline	3 months to 31/03/18	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

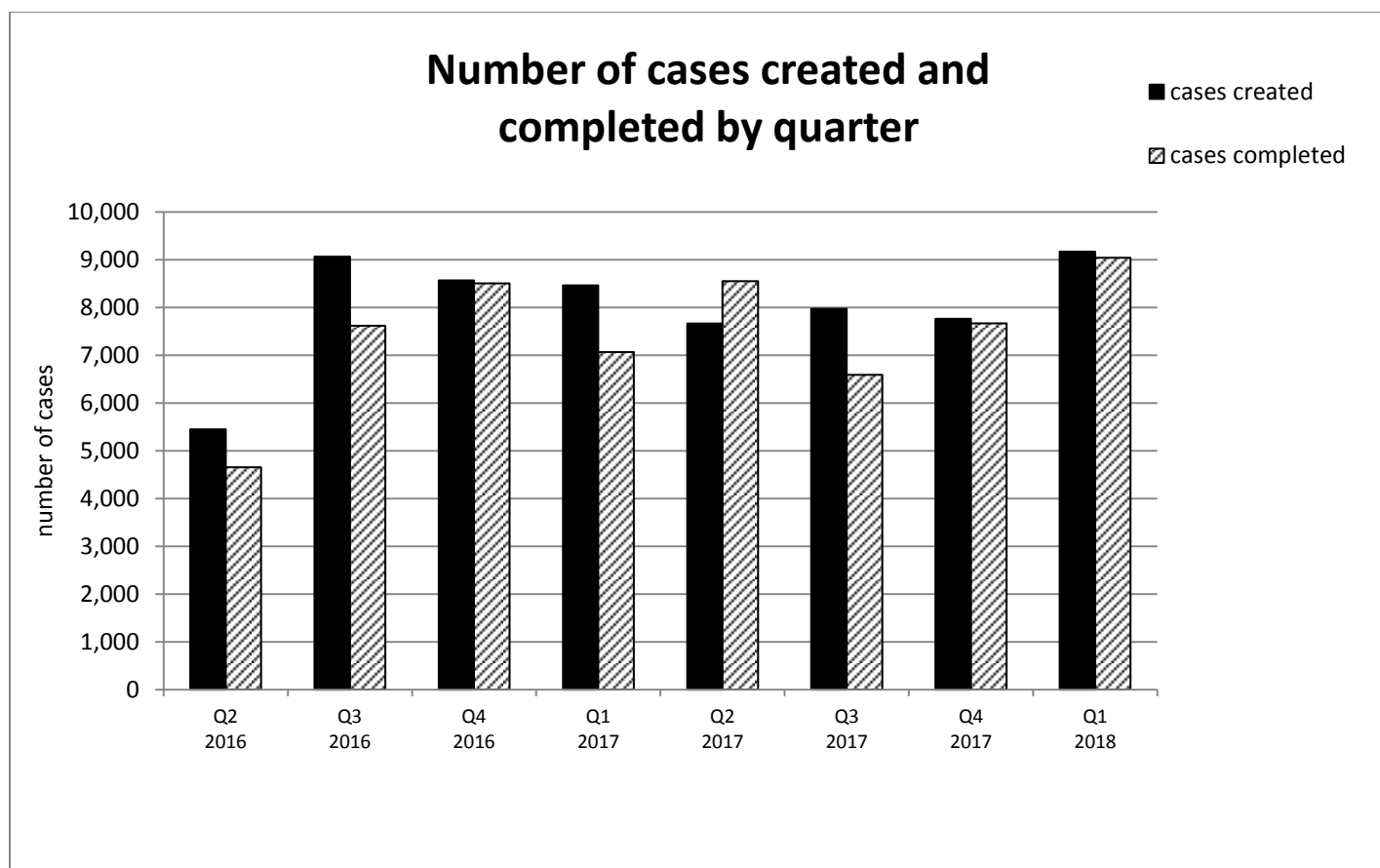
### Annex 4

Other performance standards	3 months to 31/03/18	2017/18 target	Notes
Retirements survey - satisfaction %	78%	65%	
% of employers signed up to submit data electronically (ESS/iConnect)	58.9%	70%	
% of active membership covered by ESS/iConnect	94.1%	90%	
% of all members with electronic access (MSS)	18.4%	No target set	
% of active members with electronic access (MSS)	23.6%	No target set	

## Annex 5



## Annex 6



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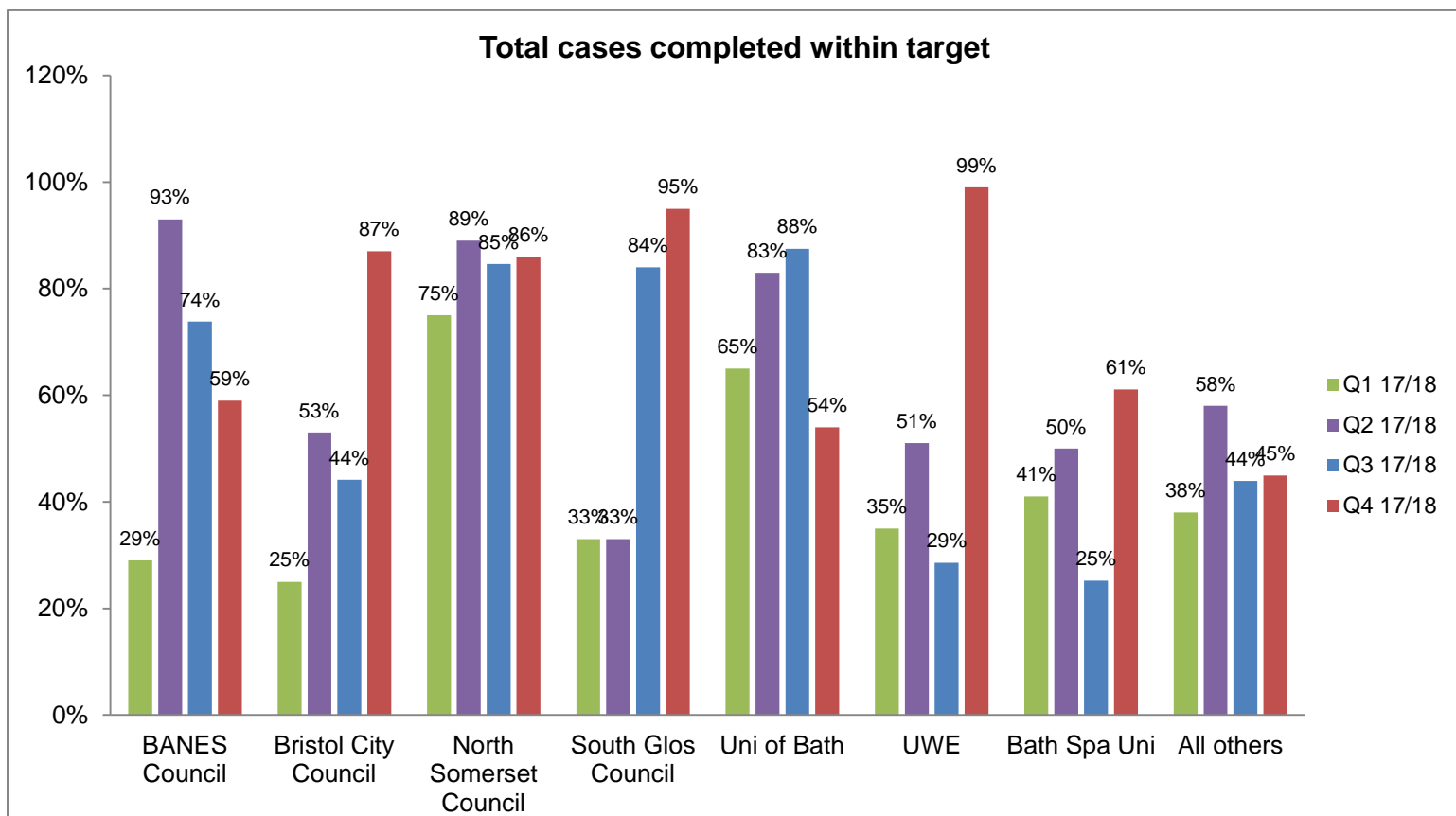


	Requirement	Reporting Start Date	Reporting End Date	Other Information
<b>Retirement (from Active)</b>	5 working days from receipt of the leaver notification to write to the member with their options	Date Leaver Notification Received	Date Retirement Options are Printed & Sent	SLA reporting remains the same regardless of whether the member if retiring before, on or after their NPA
<b>Retirement (from Deferred)</b>	Write to the member with their options 1 month before their intended retirement date	1 Month Prior to Retirement Date	Retirement Date	SLA reporting remains the same regardless of whether the member if retiring before, on or after their NPA
<b>Deaths</b>	5 working days from receipt of all necessary information to make payment.	Receipt of Death Certificate	Date Confirmation of Death Benefits Payable are Printed & Sent	We report on the first payment made in respect of a death case only, for example, we may have all necessary information to pay the surviving spouse a pension but may be waiting for further information, such as probate, to enable us to pay the death grant or vice versa.
<b>Refund of Contributions</b>	10 working days in which to send members a quotation of the refund payable where they have not responded, within 30 days, to our initial communication sent to notify them of their rights on leaving.	30 days following initial communication to notify member of rights	Date Refund Options are Printed & Sent	
<b>Deferreds</b>	20 working days to notify member of their deferred benefits from either the date the member elects for deferred benefits or the 30 day deadline where they have not responded to our initial communication sent to notify them of their rights on leaving	30 days following initial communication to notify member of rights or date of receipt of election to defer benefits	Date Deferred Benefit Notification is Printed & Sent	

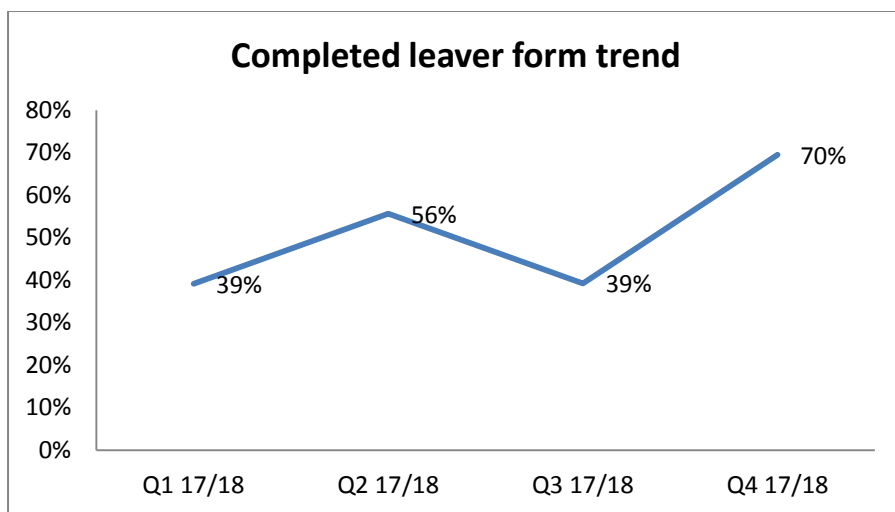
<b>Transfers In</b>	10 working days to provide a quotation of the benefits the transfer would provide from the point at which we have received the transfer value from the sending scheme	Date of Transfer Value Received from Sending Scheme	Date Transfer In Options are Printed & Sent	
<b>Transfers Out - Notification</b>	10 working days to provide a transfer value quotation to a member from the date of their request.	Date of Request from Member	Date Transfer Quotation is Printed & Sent	
<b>Transfers Out - Payment</b>	10 working days to make payment of the transfer value from the point at which we receive the members election to proceed with the transfer	Date of Election from Member	Date Confirmation of Transfer Payment if Printed & Sent	SLA reporting excludes any days where we are waiting for a response from an external source, such as HMRC to confirm the registration status of the scheme etc.
<b>Estimates</b>	10 working days to provide both members and employers with estimates from the date of their request.	Date of Request from Member or Employer	Date Estimate is Printed & Sent	APF policy on this is to provide one free estimate per year where the request is within 1 year of the intended retirement date. All other requests are chargeable in line with our policy

Completed leaver forms by employers for retirements, refunds and deferments within SLA targets.

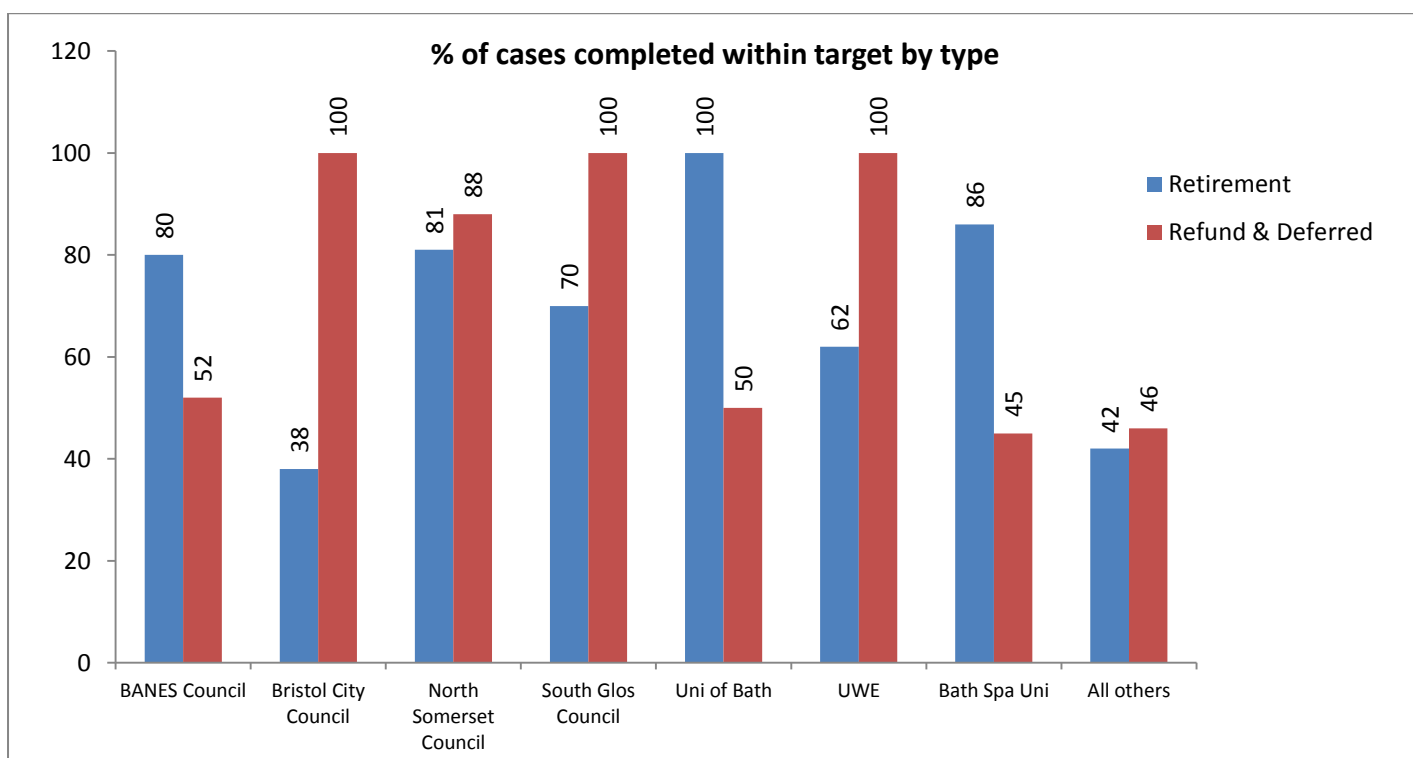
### Annex 1 – Total cases - Percentage and number of cases completed within target



	Q1 17/18	Q2 17/18	Q3 17/18	Q4 17/18
BANES Council	29%	93%	74%	59%
Bristol City Council	25%	53%	44%	87%
North Somerset Council	75%	89%	85%	86%
South Glos Council	33%	33%	84%	95%
Uni of Bath	65%	83%	88%	54%
UWE	35%	51%	29%	99%
Bath Spa Uni	41%	50%	25%	61%
All others	38%	58%	44%	45%



## Annex 2 – Breakdown by case type within target



Within target	Retirements			Refunds and Deferreds		
	Cases	Within	%	Cases	Within	%
BANES Council	20	16	80	60	31	52
Bristol City Council	63	24	38	245	245	100
North Somerset Council	16	13	81	58	51	88
South Glos Council	56	39	70	272	272	100
Uni of Bath	4	4	100	50	25	50
UWE	13	8	62	351	351	100
Bath Spa Uni	7	6	86	11	5	45
All others	109	46	42	385	176	46

## Annex 1 – TPR Errors by Member Numbers

	Dec 2017				March 2018				
	Member Records	TPR Errors	% Errors	Data Score	Member Records	TPR Errors	% Errors	Data Score	Trend
ACTIVE	36359	822	2.26%	97.74%	36786	504	1.37	98.63%	▼
DEFERRED	42031	4689	11.16%	88.84%	43062	4453	10.48	89.52%	▼
DEPENDANTS	4563	73	1.60%	98.40%	4600	27	1.39	98.61%	▼
FROZEN	2998	972	32.42%	67.58%	3273	1191	50.63	49.37%	▲
PENSIONERS	29234	78	0.27%	99.73%	29538	76	0.26	99.74%	▼
UNDECIDED	4675	606	12.96%	87.04%	4107	453	11.03	88.97%	▼
<b>TOTALS</b>	<b>119860</b>	<b>7241</b>	<b>6.04%</b>	<b>93.96%</b>	<b>121366</b>	<b>6704</b>	<b>5.52%</b>	<b>94.48%</b>	▼

## Annex 2 – Outstanding Queries by Type

	Dec 2017		March 2018		
	TPR Errors	%	TPR Errors	%	Trend
Age 75 exceeded LGPS eligibility issue	8	0.10%	49	0.67%	▲
CARE pay for 2014-2015 required	77	0.99%	57	0.82%	▼
CARE pay for 2015-2016 required	88	1.13%	53	0.73%	▼
CARE pay for 2016-2017 required	179	2.31%	100	1.39%	▼
Casual hours data required	97	1.25%	68	0.96%	▼
Correct FTE Pensionable Salary 16-17 req	39	0.50%	14	0.19%	▼
Correct hours format required	3	0.04%	0	0.00%	▼
Correct scheme name required	0	0.00%	0	0.00%	▼
Historic refund case	669	8.62%	855	11.78%	▲
Leaver form required	494	6.37%	395	5.51%	▼
Missing data on leaver form - escalation	13	0.17%	7	0.1%	▼
Correct Forenames required	1	0.01%	10	0.14%	▲
Correct date of birth required	1	0.01%	3	0.04%	▲
Correct NINO required	68	0.88%	102	1.91%	▲
Correct address required	5977	77.03%	5485	75.42%	▼
Correct gender required	8	0.10%	0	0.00%	▼
Correct title required ie Miss or Mr	14	0.18%	12	0.16%	▼
Pay Ref required	20	0.26%	11	0.15%	▼
Date joined fund	3	0.04	2	0.03%	▼
<b>Grand total</b>	<b>7759</b>	<b>100.00%</b>	<b>7223</b>	<b>100.00</b>	▼

Common Data

Scheme Specific Data

### Annex 3 – Outstanding TPR by status

	TPR Errors Dec 2017	%	TPR Errors March 2018	%
<b>1 ACTIVE</b>	<b>926</b>	<b>100.00%</b>	<b>504</b>	<b>100.00%</b>
Age 75 exceeded LGPS eligibility issue	3	0.32%	1	0.2%
CARE pay for 2014-2015 required	70	7.56%	50	9.92%
CARE pay for 2015-2016 required	81	8.75%	44	8.73%
Casual hours data required	84	9.0%	63	12.5%
Correct address required	428	46.22%	204	40.48%
Correct gender required	8	0.86%	0	0.00%
Correct NINO required	4	0.43%	2	0.4%
Correct title required ie Miss or Mr	12	1.30%	7	1.39%
Leaver form required	5	0.54%	7	1.39%
Pay Ref required	11	1.19%	8	1.59%
Correct hours format required	3	0.32%	0	0.00%
CARE pay for 2016-2017 required	174	18.79%	100	19.82%
Correct FTE Pensionable Salary 16-17	38	4.10%	13	2.58%
Correct date of birth required	1	0.11%	3	0.6%
Correct Forenames required	1	0.11%	0	0.00%
Date joined fund required	3	0.32%	2	0.4%
<b>2 UNDECIDED</b>	<b>645</b>	<b>100.00%</b>	<b>453</b>	<b>100.00%</b>
Age 75 exceeded LGPS eligibility issue	2	0.31%	5	1.1%
CARE pay for 2014-2015 required	6	0.93%	7	1.55%
CARE pay for 2015-2016 required	6	0.93%	9	1.99%
Casual hours data required	11	1.71%	5	1.1%
Correct address required	107	16.59%	28	6.18%
Correct NINO required	1	0.16%	0	0.00%
Leaver form required	487	75.50%	388	85.65%
Pay Ref required	8	1.24%	2	0.44%
Correct scheme name required	0	0.00%	0	0.00%
Missing data on leaver form - escalation	12	1.86%	7	1.55%
CARE pay for 2016-2017 required	4	0.62%	1	0.22%
Correct FTE Pensionable Salary 16-17	1	0.16%	1	0.22%
<b>4 DEFERRED</b>	<b>4719</b>	<b>100.00%</b>	<b>4506</b>	<b>100.00%</b>
Age 75 exceeded LGPS eligibility issue	2	0.06%	6	0.13%
Correct address required	4669	98.92%	4452	98.80%
Correct NINO required	48	1.02%	48	1.07%
<b>5 PENSIONERS</b>	<b>78</b>	<b>100.00%</b>	<b>76</b>	<b>100.00%</b>
Correct address required	77	98.71%	75	98.68%
Correct NINO required	1	1.28%	1	1.32%
<b>6 DEPENDANTS</b>	<b>27</b>	<b>100.00%</b>	<b>27</b>	<b>100.00%</b>
Correct address required	25	92.60%	25	92.60%
Correct title required ie Miss or Mr	2	7.40%	2	7.40%
<b>9 FROZEN</b>	<b>1364</b>	<b>100.00%</b>	<b>1657</b>	<b>100.00%</b>

Age 75 exceeded LGPS eligibility issue	1	0.07%	37	2.23%
CARE pay for 2014-2015 required	1	0.07%	0	0.00%
CARE pay for 2015-2016 required	1	0.07%	0	0.00%
Correct Forenames required	0	0.00%	10	0.6%
Correct title required ie Miss or Mr	0	0.00%	3	0.18%
Pay Ref required	0	0.00%	1	0.06%
Casual hours data required	2	0.15%	0	0.00%
Correct address required	670	49.13%	700	42.25%
Correct NINO required	17	1.25%	51	3.08%
Leaver form required	1	0.07%	0	0.00%
Missing data on leaver form - escalation	1	0.07%	0	0.00%
Correct hours format required	0	0.00%	0	0.00%
Historic refund case	669	49.05%	855	51.6%
CARE pay for 2016-2017 required	1	0.07%	0	0.00%
<b>Grand Total</b>	<b>7759</b>		<b>7223</b>	

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## APPENDIX 5

### Late Payers to 31<sup>st</sup> March 2018

Employer	Payroll Month	Days late	Cumulative occasions	Amount £	Significance	Reason / Action
KGB Cleaning	January	1		561.41	Value/days late not material	Payment run only processed once a week. They will reschedule pension payments to avoid late payments.
Notaro Homes	January	5		1,226.00	Value/days late not material	Payroll manager has been off sick and is the only person who does the payroll.
KGB Cleaning	February	1	2	511.68	Value/days late not material	Payment run only processed once a week. They will reschedule pension payments to avoid late payments.
Eurotaxis	February	4		736.40	Value/days late not material	The Employer had been unsure of the implications of the delay in securing a bond which delayed earlier payments.
Notaro Homes	February	14	2	1,173.05	Significant days late.	The employer is rescheduling the preparation of the payment of contributions to avoid late payments
Relyon Cleaning Services	February	34		122.53	Significant days late.	Oversight by employer
The Park Community Centre	February	27	2	2,119.05	Significant days late.	The employer has been reminded of the need to meet the required deadline.
Aspens	March	3	3	17,865.76	Significant value.	The employer has been reminded of the need to meet the required deadline.
Glen Cleaning Co	March	14	1	3,545.24	Significant days late.	Employer had IT problems due to an upgrade

Eurotaxis	March	19	2	736.40	Significant days late.	The employer has been reminded of the need to meet the required deadline.
Total Days				28,597.52	Over The 3 Months	
Total Contributions in Period (excluding deficit payments)				31,989,595	Late payments as a % of total = 0.09%. Late Payments from 7 out of a total of 363 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.						

Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	24 May 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 Due to a number of administration system upgrades and improvements risk #R01 – “System failure” has move from Medium to Low category risk, as the likelihood of this risk occurring has diminished.
- 4.6 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.

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

# AVON PENSION FUND RISK REGISTER - TOP 10 RISKS

Owner(s): Liz Woodyard / Geoff Cleak

Date updated: 09/05/2018

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	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. (Brunel) 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				4		20	HIGH	H	H	H	Potentially off target	Complete PDR process with all staff to identify training and professional qualification needs based on Service requirements. Re Brunel - 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 continuously 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				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 to meet the government broad agenda to reduce investment fees and increase efficiency. Brunel and the LGPS Cross Pool Collaboration Group actively engages 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	<p>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 and takes into account the market outlook.</p> <p>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.</p> <p>The strategy is monitored 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 (currently LDI and Equity protection strategies).</p> <p>The managers are monitored against their mandate guidelines quarterly by the Investments Panel.</p> <p>Recommendations for action are made to Committee or actioned under delegated powers of the Panel.</p> <p>Significant due diligence is undertaken when appointing managers; process ensures there is not undue reliance on past performance.</p> <p>Specialist advice is commissioned covering both strategic issues, ongoing monitoring of strategy and managers and evaluating potential managers during procurement process.</p> <p>As the assets transition to Brunel, the responsibility for monitoring and selecting investment managers will transfer to Brunel.</p>
5	R54	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	<p>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 &amp; Compliance Advisor. Exceptions reported to HMRC and progress/action reports provided periodically to Pensions Committee &amp; LPB.</p>
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	<p>Resources have been increased to support employer services within both actuarial and administration teams, reflecting the increase in new schedule bodies and admission bodies. The administration of Academies within the LGPS is being reviewed by SAB</p>
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	M	L	On target	<p>Officers are trained and updated in key areas. Attendance at relevant national courses and internal training with peers.</p> <p>Succession planning to build resilience and minimise risk of losing skilled/specialist staff.</p> <p>Implementation of skills and knowledge training plan following admin restructure (Jan 2017) and introduction of Apprentice programme from June 2018. The 2018/21 Service Plan provides for extra resources to ensure sufficient capacity within the service.</p>

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	M	L	On target	All staff undertake to share personal data with 3rd parties through controlled framework; compliant with B&NES DP policies. Awareness of potential risk in not doing so. Members including pensioner members are informed regularly (via payslips & newsletters) that data is provided to third parties for the detection / prevention of fraud in accordance with National Fraud Initiative. (On-going) Further staff training to be undertaken in 2017 to reinforce awareness. 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	R54	The Fund is a participating fund in the Brunel Pension Partnership for pooling its assets. The Company is now established and is FCA authorised. 2 significant risks, the transition of local funds to new custodian and FCA authorisation have diminished. The key remaining risk is the transition of local fund assets to the Brunel portfolios. A delay in this 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 Brunel governance structure is in place. Governance structure ensures Committee, Board and officers effectively manage the new relationship. Expert advice has been commissioned to advise Brunel and pool on FCA authorisation, custody transition and asset transitions. Advice will continue to be commissioned as required. Interim resources in place to support client side of the pool during 2018. 9 of 10 funds transitioned to new custodian by May 18. Process in place to ensure the custody transition does not delay the transition of assets and agreement of how any extra costs due to delays will be shared. Brunel developed a transition plan for 2018-20. Portfolios for quoted assets agreed in Jan 18; non quoted asset portfolios agreed in April 18. Avon developed own plan consistent with Brunel timetable to ensure any decisions/governance by Avon is identified and dealt with accordingly. Client Group will monitor plan with Brunel to ensure meets objectives, any changes are understood and agreed and where necessary, issues are escalated to Brunel Oversight Board. Quarterly Committee agenda includes Brunel update report. Client side sub groups established to work closely with Brunel on portfolios & transition, financial aspects, RI and services delivered by Brunel.

10	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		2						3			6	LOW	M	M	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.
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Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	24 <sup>th</sup> May 2018	AGENDA ITEM NUMBER
TITLE:	Pension Board – Training, Work Plan & Budget Update	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Outline Training Plan		
Appendix 2 – Outline Work Plan		

## 1 THE ISSUE

- 1.1 The purpose of this report is to receive regular updates on Training and Work Plan issues from the Board and present the current outlines of the Training & Work Plans. Board Members are also asked to consider the outturn position of the Board and its budget for 2018/19.

## 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 and Budget for 2018/19.

## 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.

#### 4.9 **Outturn 17/18 & Budget 18/19**

4.10 Bath & North East Somerset Council acting as the administering authority for the Avon Pension Fund has approved terms of reference and necessary supporting arrangements at full Council on the 15<sup>th</sup> January 2015. The LPB subsequently adopted these including a budget to allow for its operation.

4.11 The LPB is now required to consider and comment on the outturn & budget detailed below with the following explanations –

<b>Budget Area</b>	<b>2017/18 Budget</b>	<b>2017/18 Outturn</b>	<b>2018/19 Budget</b>
Chairman's Allowance (& Members Expenses)	<b>£8,000</b>	<b>£7,129</b>	<b>£8,000 (No Change - Retain)</b>
Member Training & External Support	<b>£3,000</b>	<b>£260</b>	<b>£6,000 (Increased by £3K from savings in Democratic Support)</b>
Democratic Support (Meetings)	<b>£9,000</b>	<b>£5,352</b>	<b>£6,000 (Reduce by £3K to base on actual costs)</b>
Central Charges/ Internal Support	<b>£15,000</b>	<b>£12,600</b>	<b>Removed to APF Recharges – Net Nil impact as not controllable cost and is an APF charge</b>
Communications	<b>2,000</b>	<b>£22</b>	<b>Removed – No material spend since July 2015, taken as savings</b>

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

## **5 RISK MANAGEMENT**

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

## **6 EQUALITIES**

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

## **7 CONSULTATION**

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

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

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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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## **Appendix 2 - Draft Work Plan – To review**

<b>LPB draft outline work plan 2018/19</b> Note X are standard items some of which are quick items. Other items are annual, biennial or triennial of which the timing will be dynamically managed.	<b>19/07/18</b>	<b>07/11/18</b>	<b>March 19</b>	<b>June 19</b>	<b>Sept 19</b>
<b>Board Governance</b>					
Terms of Reference review	X				
Code of Conduct/ Conflicts of Interest policy				X	
Work Plan (to be dynamically updated)	X	X	X	X	X
Annual budget setting and monitoring			X		
Training Plan (to be updated as required)	X	X	X	X	X
Annual Report to PC and Council approval	X			X	
<b>Scheme and Fund Governance</b>					
Legal, policy, regulatory developments	X	X	X	X	X
Training – APF financial delegations (Council, PC, IP, BOB, and APF officers)		X			
Minutes PC, IP, BOB	X	X	X	X	X
Annual Service Plan			X		
Training – APF internal & external SLA's financial controls			X		
External advisor appointments review process/controls				X	
Risk Register review	X	X	X	X	X
TPR Code 14 Compliance updates		X			
Governance (& FRC) Compliance statement	X			X	
Internal Audit plan/reports on APF		X			X
Annual Report and Audited Accounts	X			X	
Benchmarking against other BPP funds			X		X
External Audit plan/report	X report			X report	
<b>Funding/Investments</b>					
Statutory Funding Strategy Statement consultation/process/report			X		
2019 Triennial valuation process/controls/report					X
Statutory GAD S13 triennial funding report	X				
Statutory ISS annual update and associated RI policy			X		
BPP update (delivery/savings)	X	X	X	X	X
<b>Benefits Admin/Comms</b>					
Admin Strategy Statement review and employer charging policy		X			
Fund and employers compliance/TPR reporting	X	X	X	X	X
Employer admission agreement policies					X
Breaches policy/register/TPR reporting					X
GDPR compliance	X				
Record keeping, data security, business recovery			X		
ABS process annual review		X			X
GMP reconciliation (one off exercise)		X			
Discretions policies review					X
Admin performance benchmarking			X		
Comms policy statement and website review				X	
Complaints policy, IDRs, PO cases review					X

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