

Pension Board

Date: Thursday, 25th February, 2021

Time: 2.00 pm

Venue: Virtual Meeting - Zoom - Public Access via YouTube

<https://www.youtube.com/bathnescouncil>

Board Members: : Nick Weaver (Chair), Pete Sloman (Employer Representative), Helen Ball (Member Representative), Steve Harman (Employer Representative), Mark King (Member Representative), David Yorath (Member Representative) and Tony Whitlock (Employer Representative)

Chief Executive and other appropriate officers
Press and public



Mark Durnford

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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>

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. Broadcasting of Meetings

The Council will broadcast the images and sounds live via the internet
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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.

Advance notice is required not less than two working days before the meeting.
Further details of the scheme can be found at:
<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=12942>

5. 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, 25th February, 2021

**at 2.00 pm in the Virtual Meeting - Zoom - Public Access via YouTube
<https://www.youtube.com/bathnescouncil>**

A G E N D A

1. WELCOME & INTRODUCTIONS
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 - 13TH NOVEMBER 2020 (Pages 7 - 14)
8. LGPS REGULATORY UPDATE (Pages 15 - 40)

The purpose of this report is to update the Board on the latest position concerning the Local Government Pension Scheme [LGPS] and any proposed regulatory matters that could affect scheme administration.

9. FUND & EMPLOYER PERFORMANCE / ADMINISTRATION (Pages 41 - 60)

The purpose of this report is to inform the Pension Board of the performance for Fund Administration for the period up to 31st December 2020 and actions undertaken following the Coronavirus outbreak and UK lockdown on 23rd March 2020.

10. CIPFA BENCHMARKING (TO FOLLOW)
11. BRUNEL UPDATE (VERBAL UPDATE)

The Head of Business Finance & Pensions will update the Board on this item at the meeting.

12. RISK REGISTER UPDATE (Pages 61 - 68)

The purpose of this report is to update the Pension Board with the latest risk register as at 31 December 2020.

13. PENSION BOARD WORKPLAN & TRAINING PLAN (Pages 69 - 80)

The purpose of this report is to receive regular updates on Training and Work Plan issues from the Board and request high level training needs from Board Members.

The Committee Administrator for this meeting is Mark Durnford who can be contacted on 01225 394458.

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BATH AND NORTH EAST SOMERSET

PENSION BOARD

Friday, 13th November, 2020

Present:- Nick Weaver (Chair), Helen Ball (Member Representative), Steve Harman (Employer Representative), Mark King (Member Representative), and Tony Whitlock (Employer Representative)

Also in attendance: Tony Bartlett (Head of Business, Finance and Pensions), Jeff Wring (Service Director - One West), Geoff Cleak (Pensions Manager), Carolyn Morgan (Governance and Risk Advisor) and Kathryn Shore (Technical and Compliance Advisor)

Chair, Avon Pension Fund Committee: Councillor Bruce Shearn

1 WELCOME & INTRODUCTIONS

The Chair, members of the Board and officers introduced themselves.

2 APOLOGIES FOR ABSENCE

Pete Sloman (Employer Representative) and David Yorath (Member Representative) had sent their apologies to the Board.

3 DECLARATIONS OF INTEREST

There were none.

4 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

5 ITEMS FROM THE PUBLIC

There were none.

6 ITEMS FROM MEMBERS

There were none.

7 MINUTES OF PREVIOUS MEETING - 28TH NOVEMBER 2019

The Board approved the minutes of the meeting held on 28th November 2019 as a correct record.

8 LGPS REGULATORY UPDATE

The Technical & Compliance Advisor introduced this report to the Board, a summary is set out below.

HMT Public Sector Exit Payments Cap / MHCLG Consultation on Further Reform to Exit Payments

The government first consulted on plans to cap exit payments in the public sector in 2015 and subsequently launched a further consultation in April 2019.

- A maximum exit payment of £95,000 which was to apply to a wide range of public sector employers, however, excluding some LGPS employers such as Universities and Colleges.
- The cap was to include the value of any early retirement strain costs payable as a result of the exit.

In July 2020, the Government published its response to this consultation, confirming their intention to proceed with the implementation of the cap which remained set at £95,000 with no intention for this amount to be index linked going forward.

On 7 September 2020, MHCLG launch their own consultation on the changes required to the LGPS regulations to accommodate the cap, but also proposals for further reforms to exit payments for the LGPS only, which are:-

- The actual pay used in severance calculations will be limited to £80,000;
- The maximum severance (including statutory redundancy pay) will be limited to 3 weeks' pay per year of service or 15 months' pay, whichever is the lower
- The amount available for any strain cost will be reduced by the statutory redundancy payment in all cases

On 15 October 2020, the regulations to implement the £95k cap, across the whole of the public sector, were signed and came into force on 4 November 2020. However, the LGPS amendment regulations required to implement the £95k cap are not likely to be implemented before 2021.

This leaves us in a position of legal uncertainty from the 4 November 2020 until such time as the LGPS amendment regulations come into force. This is due to the discrepancy between the obligations on scheme employers under the £95k Cap Regulations to limit exit payments, including pension strain, to £95,000 and the requirement for administering authorities to pay a fully unreduced pension to a scheme member who is made redundant over the age of 55 under existing LGPS regulations.

In Oct 2020, a letter was sent from Luke Hall, the Local Government minister, to all LGPS administering authorities recommending a course of action to take in the interim period. The Scheme Advisory Board also published its legal advice together with a commentary for LGPS administering authorities and scheme employers. APF are currently obtaining legal advice on the best course of action to take in the interim

period and we have also been in talks with the Actuary regarding strain cost factors and await their formal recommendation on any changes required to the factors used to calculate pension strain.

The Chair asked if there were any governance issues for the Board to consider.

The Head of Business Finance & Pensions replied that each employer would have to set their own policies to take account of these changes and therefore the Fund would have to act on their interpretation. He added that he expected some claims to come forward and that the legal advice the Fund receives would be very important.

McCloud and Sargeant Court Case

This case concerns the transitional protections provided to older members of the judges and firefighter pension schemes following their reform in 2015 as part of the public sector pension scheme changes.

In July 2019, the Chief Secretary to the Treasury announced in a written statement that 'the government believed that the difference in treatment will need to be remedied across all public sector schemes, including the LGPS'. This is likely to have a significant impact on the administration team.

In July 2020, MHCLG launched a consultation on amendments to the statutory underpin which are designed to remove age discrimination from the LGPS. APF submitted a response to this consultation, which closed on 8 October 2020, and we await their response which is expected in early 2021.

In the meantime, APF will be looking to carry out a data collection exercise with their employers to ensure any additional hour change and service break data is available for members that will be covered by the changes, as this data will be required to apply the remedy once it has been decided.

LGPS SAB Cost Management Process

In September 2018 HM Treasury announced that as a result of scheme valuations all public service pension schemes, including the LGPS had breached the 2% cost cap floor which would lead to member benefits improvements. However, the SAB has its own cost management which allowed any changes to benefits to be taken into account before the HM Treasury process begins.

In January, the Government announced a pause in the cost cap process due to uncertainty caused by the McCloud and Sargeant court ruling on elements of the 2014/15 scheme reforms and subsequently the SAB confirmed that they would also be pausing their own cost management process until the effects of the outcome of this case is clear.

Therefore, scheme changes were not put in place for 1 April 2019 and the LGPS SAB Cost Management Process continues to be paused until the effects of the outcome of the McCloud and Sargeant Judgement is clear. When this process resumes, if changes are still required, this will have a significant impact on the administration team.

On 16 July 2020, the Government announced that the cost control mechanism pause would now be lifted, for the unfunded public sector schemes, and the process restarted taking into account the costs of the McCloud remedy. The SAB further agreed that the LGPS cost cap arrangement should also be un-paused but no action would be taken until the HMT direction, on how McCloud costs are to be considered, is published and the outcome of the LGPS McCloud consultation is known in early 2021.

The Chair asked how things were progressing with the provision of any new software regarding the proposed changes.

The Pensions Manager replied that they were in discussion with their software provider on this matter and that developments were moving in the right direction. He added that APF also administer the Fire Service Pension on behalf of Avon Fire & Rescue Service, with just under 1,000 members, and that this was likely to be a more complex exercise.

The Board **RESOLVED** to;

- i) Note the current position regarding the developments that could affect the administration of the fund
- ii) Note the response sent to the MHCLG consultation on 'Removing Age Discrimination'.

9 FUND & EMPLOYER PERFORMANCE

The Pensions Manager introduced this report to the Board, a summary is set out below.

With the UK lockdown in place from 23rd March, the initial response from the Fund was focussed on communications, ensuring all staff officers had capability to undertake business operations remotely from home.

Direct engagement with all key employers was established and is ongoing to review and monitor business as usual capability. All other employers have been surveyed to establish BAU capabilities with no significant issues being reported.

Fund Performance against SLA – KPI's

Targets were being met in the main on the following three categories: Retirement (from Active), Retirement (from Deferred) and Deaths.

The Chair commented that he thought that the target of 10 days for Transfers In / Out was quite demanding. He asked for any comments on this matter.

The Pensions Manager replied that some cases can be complex and can take time to review. The timely progress of transfer cases can be adversely impacted where information is required from an external third party.

Helen Ball asked what percentage of people use the self-service model for enquiries.

The Pensions Manager replied that he believed it was around 30% and that they were looking to increase usage where possible.

APF Completed Cases - Performance against Statutory Legal Deadline

Figures in this respect were really good on the whole. Only Transfers In / Out were not flagged Green and this was partly due to the delay in printing and posting requirements as officers had to arrange to go into the office to complete this.

The Chair asked how recruitment into the service was going.

The Pensions Manager replied that a three phase recruitment plan was ongoing and that this would help as the Administration Team were currently down by 11 posts.

The Head of Business Finance & Pensions added that there was a difficulty in finding and retaining staff and that he felt whilst working under current restrictions a drag on performance would remain.

Steve Harman asked if a general view of how staff are feeling about working at home could be given.

The Pensions Manager replied that he felt that it had affected performance but was pleased to report that overall sickness had not increased. He added that he felt the longevity of the situation was taking its toll on staff mental health and wellbeing.

Steve Harman asked for the Board's appreciation of their work to be fed back to staff.

The Board **RESOLVED** to note the Fund and Employer performance for the three months to 30th September 2020.

10 STATUTORY ANNUAL REQUIREMENTS

The Pensions Manager introduced this report to the Board, a summary is set out below.

The introduction of the Pensions Act 2013 extended the powers of the Pensions Regulator (TPR) to public sector schemes from 1 April 2014. The Pension Regulator introduced the Code of Practice 14 for the administration of public sector schemes in 2015. This, amongst other things, addressed the issue of annual benefit statements to members.

In preparation the Fund must undertake an annual exercise to reconcile member data supplied by employers at each 31st March year end. There are 432 active employers of which 269 provide member data digitally to the Fund on a monthly basis. The remaining 163 employers continue to provide data annually.

For the purpose of data accuracy, the digital monthly employer returns undergo a reconciliation process on a continuous basis. Where the employer annually

submits a data return it invariably will require further scrutiny and employer engagement to reconcile. The Fund is aiming to digitalise all employer returns as part of its published Administration Strategy.

Officers completed work to reconcile data returns ahead of the statutory Annual Benefit Statements (ABS) exercise. Summarily, 94% of 36,189 active member statements were issued ahead of the 31st August deadline.

The Board **RESOLVED** to note the report.

11 **BREACHES LOG**

The Governance & Risk Advisor introduced this report to the Board, a summary is set out below.

Regulatory breaches are breaches of the regulations or standards as set out in the Administration Strategy and if Material need to be reported to the Pensions Regulator (TPR) as set out in the Breaches Policy. In addition to the requirement to report Material breaches to TPR, the Pensions Manager will formally report all breaches to the Avon Pension Fund Committee and the Pension Board on a quarterly basis.

5 Year Refund Cases

The 2013 LGPS regulations require schemes to pay a refund of contributions within 5 years. Failure to complete payment is classified as a regulatory breach and is required to be reported to the pensions committee and local pension board. The National Technical Group has previously made a recommendation to the Scheme Advisory Board (SAB) to remove the requirements to pay a refund of contributions within five years under the 2013 regulations. The SAB have agreed to proceed with this regulatory change and are in the process of making recommendations to MHCLG.

A notifiable breach must be reported to the Information Commissioner's Office (ICO) within 72 hours after becoming aware of it. If it takes longer than this, reasons for the delay must be provided.

All breaches must be reported to Banes Data Protection Officer (DPO) within 24 hours of the incident using the incident reporting template. The DPO will advise if the incident meets the criteria for reporting to the ICO and also makes recommendations on future preventative actions.

Procedures are in place for staff to follow and regular training takes place to ensure that everyone has a full understanding of data protection and the reporting procedure for breaches.

Steve Harman commented that from looking at the Breaches Log it was hard to tell if these figures were good in comparison to other years or other Funds. He asked if in a future report this information could be included.

The Governance & Risk Advisor replied that the figures had been consistent across the last two years. She added that she would look to add the information requested into future reports.

The Chair asked if she could expand on the data breaches that occurred and the subsequent measures taken.

The Governance & Risk Advisor replied that only one incident had been reported to the Information Commissioner's Office (ICO) in 2019 and that this had related to IConnect. She added that an employer had uploaded an extract and in doing so the first line of the address of 71 members had become incorrect.

She said that this incident led the Fund to set up the IConnect Team and the implementation of further controls.

She informed the Board that four incidents had been reported to Information Governance in 2019. She explained that twice data was sent to an incorrect employer (Globalscape) and that twice data was sent to an incorrect member.

She said that a checking step had been added to the Globalscape procedure and that more training had been given to staff.

She informed the Board that three incidents had been reported to Information Governance in 2020. She stated that 2 pensioner payslips were sent to the incorrect person via the Toplink – Print Service, 1 data set was sent via Secure Share to the wrong recipient and 1 member data set was sent to an old address.

She explained that a review of Toplink's procedures has been carried out and that the machine that malfunctioned has been decommissioned. She added that training & education of staff members has been carried regarding the other two incidents.

The Chair commented that this was something the Board could look at when discussing the Digital Strategy in the early part of 2021.

The Board **RESOLVED** to note the report.

12 RISK MANAGEMENT

The Governance & Risk Advisor introduced this report to the Board, a summary is set out below.

The risk management process has been reviewed and updated in line with CIPFA guidance, with the introduction of a more robust process for identifying & managing risks. All risks have been reviewed and re-evaluated using a risk evaluation form. Each risk has been allocated a risk owner to monitor the risk and implement mitigation measures. The scoring system used is in line with the B&NES corporate guidelines.

The Risk Register is reviewed every quarter by the pension management team. All risks with a review date are re-evaluated using the evaluation form and updates agreed and made to the risk register. Any new risks identified or

changes to any other risks are also considered and the necessary amendments made.

She confirmed that both the introduction of the exit payment cap (R53) and Brexit (R55) were on the Risk Register.

The Board **RESOLVED** to note the report.

13 PENSION BOARD - WORKPLAN & TRAINING PLAN

The Governance & Risk Advisor introduced this report to the Board, a summary is set out below.

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.

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.

Helen Ball commented that she had attended a number of courses / forums throughout the year and that a lot of information had been gained through good questioning at these sessions. She added that the informal Board sessions had also been useful.

The Board **RESOLVED** to note the report and recommends high level training needs through 2020/21.

The meeting ended at 4.00 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

Bath & North East Somerset Council		
MEETING	Local Pension Board	
MEETING	9 February 2021	Agenda Item Number
		8
TITLE:	LGPS Regulatory Update	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Current matters affecting LGPS administration February 2020		

1 THE ISSUES

- 1.1 The purpose of this report is to update the Board on the latest position concerning the Local Government Pension Scheme [LGPS] and any proposed regulatory matters that could affect scheme administration. An updated list is included in Appendix 1.

2 RECOMMENDATION

The Pension Board is asked to;

- 2.1 Note the current position regarding the developments that could affect the administration of the fund

3 THE REPORT

The below items have been selected from Appendix 1 as we believe them to be key items of interest for pension board members:-

3.1 HMT Public Sector Exit Payments Cap / MHCLG Consultation on Further Reform to Exit Payments

- (1) The government first consulted on plans to cap exit payments in the public sector in 2015 and subsequently launched a further consultation in April 2019 the key points of which were:-
- a) A maximum exit payment of £95,000 which was to apply to a wide range of public sector employers, however, excluding some LGPS employers such as Universities and Colleges.
 - b) The cap was to include the value of any early retirement strain costs payable as a result of the exit.

- c) There would be a provision for the cap to be waived in some exceptional circumstances.
- (2) In July 2020, the Government published its response to this consultation, confirming their intention to proceed with the implementation of the cap which remained set at £95,000 with no intention for this amount to be index linked going forward.
- (3) On 7 September 2020, MHCLG launch their own consultation on the changes required to the LGPS regulations to accommodate the cap, but also proposals for further reforms to exit payments for the LGPS only, which are:-
 - a) The actual pay used in severance calculations will be limited to £80,000;
 - b) The maximum severance (including statutory redundancy pay) will be limited to 3 weeks' pay per year of service or 15 months' pay, whichever is the lower
 - c) The amount available for any strain cost will be reduced by the statutory redundancy payment in all cases
- (4) On 15 October 2020, the regulations to implement the £95k cap, across the whole of the public sector, were signed and come into force on 4 November 2020. However, the LGPS amendment regulations required to implement the £95k cap are not likely to be implemented before 2021.
- (5) This leaves us in a position of legal uncertainty from the 4 November 2020 until such time as the LGPS amendment regulations come into force. APF obtained legal advice on the best course of action to take in the interim period, and as a result of that advice have taken the decision to offer a member who exceeds the 95k cap the option of taking immediate payment of fully reduced benefits or the option to defer their benefits for payment at a later date. This is also inline with the Government and Scheme Advisory Board recommendations.
- (6) On 22 December 2020, three requests for Judicial Reviews of the Restriction of Public Sector Exit Payment Regulations 2020 were given permission to proceed. These requests contest the regulations on a number of grounds, including their effect on the LGPS regulations. It is expected the requests will be heard towards the end of March 2021. MHCLG has confirmed that these hearings will affect the timing of LGPS regulation changes.

3.2 McCloud and Sargeant Court Case

- (1) This case concerns the transitional protections provided to older members of the judges and firefighter pension schemes following their reform in 2015 as part of the public sector pension scheme changes.
- (2) In December 2018, the Court of Appeal found the transitional protections to be unlawful on the grounds of age discrimination
- (3) In June 2019, the Supreme Court denied the Government's request for an appeal and as such the case has been returned to an Employment Tribunal for remedy.
- (4) In July 2019, the Chief Secretary to the Treasury announced in a written statement that 'the government believed that the difference in treatment will need to be remedied across all public sector schemes, including the LGPS'.
- (5) This is likely to have a significant impact on the administration team.

- (6) The SAB agreed to establish two working groups, one to assist MHCLG in considering any areas of policy not centrally determined and the second to consider the challenge of implementing and communicating any changes.
- (7) In July 2020, MHCLG launched a consultation on amendments to the statutory underpin which are designed to remove age discrimination from the LGPS. The consultation closed on 8 October 2020 and we await their response which is expected in early 2021.
- (8) In the meantime, APF will be looking to carry out a data collection exercise with their employers to ensure any additional hour change and service break data is available for members that will be covered by the changes, as this data will be required to apply the remedy once it has been decided.

3.3 LGPS SAB Cost Management Process

- (1) The Public Service Pensions Act 2013 set out that public sector schemes were to be monitored to ensure that they are affordable and sustainable. Unlike the unfunded schemes LGPS also has a built in check driven by the Scheme Advisory Board
- (2) In September 2018 HM Treasury announced that as a result of scheme valuations all public service pension schemes, including the LGPS had breached the 2% cost cap floor which would lead to member benefits improvements. However, the SAB has its own cost management which allowed any changes to benefits to be taken into account before the HM Treasury process begins.
- (3) A proposed package of changes was put forward to SAB for approval with the intention that all scheme changes would be effective from 1 April 2019 and will apply until at least March 2023.
- (4) However, in January, the Government announced a pause in the cost cap process due to uncertainty caused by the McCloud and Sargeant court ruling on elements of the 2014/15 scheme reforms and subsequently the SAB confirmed that they would also be pausing their own cost management process until the effects of the outcome of this case is clear.
- (5) Therefore, scheme changes were not put in place for 1 April 2019 and the LGPS SAB Cost Management Process continues to be paused until the effects of the outcome of the McCloud and Sargeant Judgement is clear.
- (6) When this process resumes, if changes are still required, this will have a significant impact on the administration team.
- (7) On 16 July 2020, the Government announced that the cost control mechanism pause would now be lifted, for the unfunded public sector schemes, and the process restarted taking into account the costs of the McCloud remedy. We await further confirmation from SAB as to the position in relation to the LGPS process which is likely to be clarified in 2021 following the outcome of the McCloud consultation.

4 FINANCIAL IMPLICATIONS

- 4.1 The administrative and management costs incurred by Avon Pension Fund are recovered from the employing bodies through the employer's contribution rates.
- 4.2 Any other specific financial implications will be reported as appropriate.

5 RISK MANAGEMENT

5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

6 EQUALITIES

6.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

7 CLIMATE CHANGE

7.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint. The Fund acknowledges the financial risk to its assets from climate change and is in the process of addressing this through its strategic asset allocation to Low Carbon Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

8 OTHER OPTIONS CONSIDERED

8.1 None

9 CONSULTATION

9.1 Reports and its contents have been discussed with the Head of Business Finance & Pensions representing the Avon Pension Fund and Service Director – One West representing the administering authority.

Contact person	<i>Kate Shore, Technical & Compliance Advisor; Tel 01225 395283</i>
Background papers	<i>LGA Bulletins SAB Meeting Minutes National Technical Group Meeting Minutes</i>
Please contact the report author if you need to access this report in an alternative format	

List of current developments affecting or expected to affect Scheme Administration – 31 December 2020

Organisation	Item	Details	Status
HMT / MHCLG	Public Sector Exit Payments Cap / Consultation on Further Reform to Exit Payments	<p>Risk Register Item – R53</p> <p>Latest Updates:-</p> <p>On 22 December 2020, three requests for Judicial Reviews of the Restriction of Public Sector Exit Payment Regulations 2020 were given permission to proceed. These requests contest the regulations on a number of grounds, including their effect on the LGPS regulations. It is expected the requests will be heard towards the end of March 2021. MHCLG has confirmed that these hearings will affect the timing of LGPS regulation changes. The LGA understand that these proceedings will prevent any direction by the Pensions Ombudsman on this matter until they are complete although they are seeking clarification on this.</p> <p>On 16 Nov 2020, APF obtained legal advice on the best course of action to take in the interim period, until the LGPS regulations are amended to accommodate the cap. As a result of that advice we have taken the decision to offer a member who exceeds the 95k cap the option of taking immediate payment of fully reduced benefits or the option to defer their benefits for payment at a later date. This is also inline with the Government and Scheme Advisory Board recommendations. We have also adopted a partial change in the factors used to calculate pension strain costs following a formal recommendation from our Actuary. New processes are now in place to deal with any cases that arise going forward.</p> <p>Previous Updates:-</p> <p>On 30 Oct 2020, SAB published its legal advice together with a commentary for LGPS administering authorities and scheme employers, which can be found as follows:-</p> <p>https://www.lgpsboard.org/index.php/structure-reform/public-sector-exit-payments</p> <p>On 28 Oct 2020, a letter was sent from Luke Hall, the Local Government minister, to all LGPS administering authorities in respect of the implementation of the £95k cap from 4th November recommending a course of action to take in the interim period which is that LGPS members caught by the 95k cap, who would normally be forced to take a fully unreduced pension under regulation 30(7), should be able to elect to receive an immediate but fully reduced pension or, if they do not so elect, a</p>	Updated

Organisation	Item	Details	Status
		<p>deferred pension plus a lump sum equal to the capped strain cost.</p> <p>On 15 October 2020, the legislation implementing the £95k cap on exit payments was signed and therefore will come into force on 4 November 2020. This means that the £95k cap will come into force in advance of the changes to LGPS regulations proposed by MHCLG in the further reform consultation, which will amend the LGPS regulations to provide for the payment of reduced pensions in whole (as is the current provision) and in part. As such, from 4 November 2020 up to the enactment of the MHCLG further reform proposals, which is expected in early 2021, there is a position of legal uncertainty. This is due to the apparent discrepancy between the obligations on scheme employers under the Cap Regulations to limit strain cost payments, and the requirement for administering authorities to pay unreduced pensions to qualifying scheme members under existing LGPS regulations. The SAB has requested the views of Counsel on the risks of challenge to administering authorities and the obligations of scheme employers during this period of legal uncertainty.</p> <p>On 7 September 2020, MHCLG launched a consultation on changes to the Local Government Pension Scheme (LGPS) and Discretionary Compensation Regulations. The consultation covers the required changes to compensation and pension regulations to implement both the £95K exit payment cap as well as public sector exit payments further reform proposals issued by HMT in 2016. The latter proposals were left to individual departments to implement rather than being via central HMT Directions, currently no other part of the public sector has any 'live' proposals to enact the further reform proposals. The MHCLG consultation closes on the 9 November and APF are in the process of formulating a response. At this stage there have been no proposals to implement an exit payment recovery process that was also consulted on in 2015.</p> <p>On 21 July 2020, HM Treasury published the Governments response to the consultation on restricting exit payments in the public sector. This was followed by the publication of draft regulations which include a list of employers who will be covered by the cap, which is set at a total of £95,000. Exit payments include redundancy payments, severance payments, pension strain costs and other payments made as a consequence of termination of employment. The Regulations will need to be approved by both houses of parliament and will come into force 21 days after that process is complete. We understand it is the intention that the cap will be in force for the end of the 2020 calendar year. This will affect LGPS members in England and Wales who currently qualify for an unreduced pension because of redundancy or efficiency retirement. It will also apply to members whose employer agrees</p>	

Organisation	Item	Details	Status
		<p>to the early release of their benefits without actuarial reduction, apart from ill health retirement which is excluded. If the cap is breached, then the member may have to take a reduced pension. MHCLG is looking at options to introduce choice to allow members in this position to opt for a deferred pension instead. We also expect the introduction of a standard strain cost calculation so that the cap will apply equally to members across the country. We are expecting a consultation on changes required to the LGPS regulations imminently.</p> <p>Background:-</p> <p>The government first consulted on plans to cap exit payments in the public sector in 2015.</p> <p>On 10 April 2019, HMT launched a consultation called ‘Restricting exit payments in the public sector: consultation on implementation of the regulations’. The key points in this latest consultation were as follows:-</p> <ul style="list-style-type: none"> • No change from the earlier proposal that the maximum exit payment will be £95,000. • The cap will apply to a wide range of public sector employers, including employees of councils in England and Wales, fire authorities, police forces, academies and maintained schools. • The £95,000 cap will include the value of any early retirement strain payments, and it is envisaged that the ability to take an unreduced early retirement pension will therefore be severely restricted in some cases. • Certain employers in the LGPS e.g. Universities and Colleges appear not to be covered which will means members would be treated differently within the LGPS depending on their employer on exit. • As previously indicated, there will be provisions for the cap to be waived in some circumstances. However, the tone of the consultation makes clear that any waiver is expected to be the exception rather than the norm. <p>It was expected that MHCLG will run a separate consultation, which will cover amongst other things the agreement and implementation of a common costing methodology and factors for strain payments.</p> <p>HMT received approximately 600 responses, one of which was from APF, and it was expected that they would publish their response in the autumn of 2019 and look to introduce the cap no sooner than 1 April 2020.</p>	

Organisation	Item	Details	Status
Government	McCloud Judgment	<p>Risk Register Item – R63</p> <p>Previous Updates:-</p> <p>On 8 October 2020 APF issued their response to the consultation which was included as an appendix to this report at the December meeting</p> <p>The SAB response to MHCLG's consultation is available to view in the following location:-</p> <p>http://lgpsboard.org/images/PDF/letters/SAB_FINAL_MCLOUD_RESPONSE.pdf</p> <p>The notes from the SAB meeting in August advised that their response would include representations to allow the LGPS regulations to be on the statute book ahead of those of the unfunded public service pension schemes, where the coming into force date is expected to be Spring 2022. LGPS remedy regulations will not have to wait for changes in primary legislation so different timescales should be possible. Getting LGPS McCloud regulations in place sooner will give all parties more opportunity to put processes in place before they come into effect in 2022. The Board also agreed that work should commence on central guidance on how the regulations are to be applied and how individual cases of poor or missing member data should be handled.</p> <p>On 16 July 2020, MHCLG published a consultation on amendments to the statutory underpin which are designed to remove age discrimination from the LGPS, see link here. In summary, the consultation proposes that qualifying members, all who were active in 2008 scheme on 31st March 2012 and accrued benefits in the 2014 scheme without a disqualifying break, would be protected by the application of a revised underpin which will be applied retrospectively for those who have already left the scheme. The consultation runs until 8th October 2020 and we are currently in the process of formulating a response.</p> <p>At the SAB meeting in February, the Board agreed to create two working groups to help implement the outcome of the McCloud judgment for the LGPS. These will be a small policy group to help MHCLG consider areas of policy not determined by HMT and a larger implementation group made up of practitioners, member representatives, actuaries, software providers and employers. They will consider the challenges of implementing and communicating the scheme changes. Due to differences in LGPS transitional protection, MHCLG are planning to undertake an LGPS specific consultation on</p>	No Further Update

Organisation	Item	Details	Status
		<p>the regulatory changes required to address McCloud. We are expecting the consultation to begin late June / early July 2020.</p> <p>Background:-</p> <p>The McCloud/Sargeant cases concern the transitional protections provided to older members of the judges and firefighter pension schemes following their reform in 2015 as part of the public sector pension scheme changes. In December 2018, the Court of Appeal found the transitional protections to be unlawful on the grounds of age discrimination. In June 2019, the Supreme Court denied the Government’s request for an appeal and as such the case was returned to an Employment Tribunal for remedy.</p> <p>In July 2019, the Chief Secretary to the Treasury announced in a written statement that ‘the government believed that the difference in treatment will need to be remedied across all public sector schemes, including the LGPS’. As such, the SAB agreed to establish two working groups, one to assist MHCLG in considering any areas of policy not centrally determined and the second to consider the challenge of implementing and communicating any changes. A consultation, including draft legislation, is expected in the Spring, although there is likely to be a need for changes in primary legislation that may take some time.</p> <p>You can find a dedicated ‘Cost Management’ page on the SAB website as follows:-</p> <p>http://lgpsboard.org/index.php/structure-reform/mccloud-page</p>	

Organisation	Item	Details	Status
SAB	LGPS Cost Management Process	<p data-bbox="631 209 987 240">Risk Register Item – R47</p> <p data-bbox="631 280 913 312">Previous Updates:-</p> <p data-bbox="631 352 2018 560">The notes from the SAB meeting in August advise that, unlike the HMT arrangement, there is no compulsion on SAB to include McCloud costs in their cost management arrangement. However, it was agreed that no decision should be taken until the HMT Direction, on how McCloud costs are to be considered, is published early next year. In principle, the Board agreed that the LGPS cost cap arrangement should be un-paused in the same way as the HMT arrangement, but no action should be taken until more details are known.</p> <p data-bbox="631 600 1984 775">At the National Technical Group in October, MHCLG further updated that once the McCloud remedy is agreed, the value of scheme member benefit is likely to increase for many members. The cost control mechanism was designed to include the cost of these and they will be included in the completion of the cost control process. How best to do this in the LGPS will be decided once the remedy details are decided.</p> <p data-bbox="631 815 2018 1054">On 16 July 2020 the Government made an announcement confirming that the cost control mechanism pause will be lifted, and the cost control element of the 2016 valuations process will be completed for all public service pension schemes. The objective would be to complete the process by next year, taking into account the cost of the proposals to remedy age discrimination as set out in the McCloud consultations which were published that same day. The SAB are currently considering its position on the SAB employer cost cap process now that the proposals to rectify age discrimination for the LGPS are available.</p> <p data-bbox="631 1094 1917 1198">In April 2020 four unions including the FBU and the GMB filed court proceedings against the Government claiming that the pause in the cost control mechanism is unlawful. The unions are arguing for an improvement in member benefits as a result of the valuation results.</p> <p data-bbox="631 1238 1995 1342">On 17 October 2019 GAD issued a formal request for valuation data as at 31 March 2019 as part of the cost management process that is due to be carried out in 2020. APF data was submitted to GAD ahead of the deadline of 18 November 2019.</p> <p data-bbox="631 1382 1951 1414">On 14 May 2019 SAB published an advice note covering the implications of McCloud/Cost Cap in</p>	No Further Update

Organisation	Item	Details	Status
		<p>relation to the 2019 fund valuations.</p> <p>Background:-</p> <p>One of the Board’s statutory duties, under the regulations, is to introduce and maintain a process to manage costs in the scheme alongside the process introduced by HM Treasury for all public service schemes. You can find a dedicated ‘Cost Management’ page on the SAB website as follows:-</p> <p>http://lgpsboard.org/index.php/structure-reform/cost-management</p> <p>In September 2018, SAB members were provided with a summary of the statement regarding the scheme valuations for all of the public service pension schemes, including the LGPS, which showed that the cost cap floor had been breached and as a result member benefits would need to be improved. SAB therefore put together a working group responsible for agreeing a package of benefit changes to return the scheme to its total target cost, while also looking at employee contributions at the lower end. It was intended that the resultant package would be put to the full SAB for agreement to ensure that scheme changes could be on the statute book by April 2019.</p> <p>However, in January 2019 the Government announced a pause in the cost management process for unfunded public sector schemes due to uncertainty caused by the McCloud court ruling on elements of the 2015 scheme reforms. In February, SAB learned that this applied equally to the LGPS and as such it had no option but to pause its own cost management process pending the outcome of McCloud. As a result there were no changes to benefits planned in respect of the cost cap and instead this situation would be reviewed once McCloud was resolved.</p>	

Organisation	Item	Details	Status
SAB	Good Governance in the LGPS	<p>Previous Updates:-</p> <p>At the SAB meeting in August 2020, Hymans updated the Board that draft papers on how the recommendations set out in the Phase II report are to be implemented, will be completed by the end of September 2020. The Board will consider these drafts when it meets in November 2020. If approved, the Board will then consider the process and timing of implementation.</p> <p>In April 2020, a virtual meeting of the chairs of the SAB and its two committees was held and it was agreed that Hymans work on Phase III of the Good Governance project should proceed on a limited basis due to COVID-19. They should continue to prepare papers for the SAB’s consideration based on discussions already undertaken with the implementation group. However, they should avoid engaging with members of the implementation group, or local government in general at this time.</p> <p>In February 2020, the Board agreed that an implementation group, comprising the two former working groups, should be established immediately to prepare a detailed implementation plan for consideration at their next meeting.</p> <p>In November 2019, a draft Phase II report into the findings of both working groups was made available to the Board who considered it and agreed that it should be published with comments invited from scheme stakeholders. The report made recommendations for new standards of governance and administration and proposed how they could be measured and assessed independently. The recommendations covered the areas below:</p> <ul style="list-style-type: none"> • general governance • conflicts of interest • representation • skills and training • service delivery for the LGPS function • compliance and improvement <p>You can find the report as follows:-</p> <p>http://lgpsboard.org/images/PDF/HymansRobertson_GoodgovernanceintheLGPS_Phase-II_November2019.pdf</p>	No Further Update

Organisation	Item	Details	Status
		<p>Comments on the phase II report were invited to be sent and APF issued a response to this in January 2020 concluding that overall, we were still unsure of the specific problems attempting to be addressed through some of the proposals. It seemed that another layer of governance was being added because there are some local issues around the effectiveness of Local Pension Boards or Fund Administrations. Maybe the Pension Regulator could intervene and deal with these issues as demonstrated in its own recent engagement report. Within the recommendations there were still a lot of 'shoulds' or 'coulds' whereas regulation and a definitive set of standards monitored by the Pension Regulator would be more effective.</p> <p>In April 2019, Hymans launched the Good Governance Project Survey to capture as many views as possible from those working within the LGPS with the findings forming the basis for a report which was presented to the SAB in July 2019, you can find the report as follows:-</p> <p>http://lgpsboard.org/images/PDF/GGreport.pdf</p> <p>Work to develop a detailed plan then began and two working groups were established, one to focus on defining good governance outcomes and the guidance needed to clearly set them out and the other to focus on options for the independent assessment of outcomes and mechanisms to improve the delivery of those outcomes.</p> <p>Background:-</p> <p>Previously known as the separation project which was developed to identify the potential benefits of further increasing the level of separation between the host authority and scheme manager role. In November 2018, the project was awarded to Hymans Robertson and was also re-named to "Good Governance in the LGPS" which better reflected the aims and ambitions of the project to enhance the delivery of the function within local authority structures.</p>	

Organisation	Item	Details	Status
SAB	Tier 3 Employers	<p>Previous Updates:-</p> <p>At the SAB Meeting in May 2020, members were advised that the working group set up to take this work forward has not been able to meet but discussions with MHCLG are being progressed.</p> <p>At the SAB Meeting in Jan 2019, the Board was advised that the work of the third tier employers' project working group had been put on hold due to competing priorities.</p> <p>In Sept 2018, a final version of the Aon report was published and can be found as follows:-</p> <p>http://lgpsboard.org/images/PDF/Tier_3_employers_in_the_LGPS_FINAL.pdf</p> <p>At the SAB meeting in Jun 2018, Aon presented members with a summary of the final draft report. The Board was anxious to point out that the report makes no attempt to make any recommendations, instead, it outlines a range of issues raised by stakeholders and how they envisage these concerns being resolved.</p> <p>The Board agreed that the report should be published and that a small working group of Board members will be established to review the concerns expressed by third tier employers in the report and the ways in which they could be resolved. The working group will be tasked to report back to the Board later in the year with a set of recommendations for further consideration. Once approved, scheme stakeholders will be given the opportunity to comment on the Board's recommendations before any formal approach is made to MHCLG Ministers for changes to the scheme's regulations or guidance.</p> <p>Background:-</p> <p>As part of its work plan for 2016/17, SAB wanted to identify the potential funding, legal and administrative issues and liabilities relating to admitted and scheduled bodies that do not benefit from local or national tax-payer backing (Tier 3 employers).</p> <p>The work was split into two concurrent phases:</p> <p>1) The Board was to work with LGPS administering authorities to gather data regarding the number, membership, liabilities and covenants of these employers.</p>	No Further Update

Organisation	Item	Details	Status
		<p>2) Separately the Board appointed Aon to assist it in further analysis in this area.</p> <p>You can find a dedicated ‘Tier 3 Employers’ page on the SAB website as follows:-</p> <p>http://lgpsboard.org/index.php/structure-reform/tier-3-employers</p>	
MHCLG	Consultation on Fair Deal	<p>On 10 December 2019, a representative from MHCLG provided the following update to the LGPS National Technical Group “The analysis of consultation response has been completed. Officials have started to draft the government response but the content of that is still conditional on some further ministerial decisions that will need to be taken once the new government is formed”.</p> <p>Background:-</p> <p>In Jan 2019, MHCLG launched a policy consultation and draft regulations on ‘Fair Deal – strengthening pension protection’ in the LGPS. The consultation contained proposals to strengthen the pension protections that apply when an employee of a LGPS employer is compulsorily transferred to the employment of a service provider. The proposed amendments to the LGPS Regulations 2013 would, in most cases, give transferred staff a continued right to membership of the LGPS. These changes are intended to bring the LGPS in line with the government’s October 2013 Fair Deal guidance that applies in relation to transfers from central government.</p> <p>MHCLG received around 79 responses, one of which was from APF.</p>	No Further Update
HMT	Written Ministerial Statement on Survivors Benefits	<p>Previous Update:-</p> <p>On 20 Jul 2020, the Chief Secretary to the Treasury made a written statement on public service pensions, survivor benefits for opposite-sex widowers and surviving male civil partners. The statement was in relation to a Teachers Pension Scheme Employment Tribunal case where male survivors of female scheme members remain entitled to a lower survivor benefit than a comparable same-sex survivor and confirmed that government believes that this difference in treatment will also need to be remedied in those other public service pension schemes, where the husband or male civil partner of a female scheme member is in similar circumstances. We await guidance from MHCLG on what action administering authorities in England and Wales should take.</p>	No Further Update

Organisation	Item	Details	Status
MHCLG	Consultation on LGPS Local Valuation Cycle and the Management of Employer Risk	<p>Risk Register Item – R62 (In respect of Exit Credits)</p> <p>Latest Update:-</p> <p>On 2 December 2020, the secretariat to the SAB emailed pensions managers for comment on a draft guide to employer flexibilities. This was prepared by the SAB in conjunction with representatives from administering authorities and scheme employers. The purpose of the guide is to provide operational and practical assistance to administering authorities and employers when implementing employer flexibilities introduced by the Local Government Pension Scheme (Amendment) (No. 2) Regulations 2020. APF issued a response on 7 January 2021.</p> <p>Previous Updates:-</p> <p>On 26 Aug 2020, MHCLG published a second partial response to this consultation covering greater flexibility on employer exit payments and the ability to review employer contributions between valuations. The LGPS (Amendment) (No.2) Regulations 2020 provided for the changes and came into effect from 23 September 2020. A working group has been established by MHCLG to prepare statutory guidance, to accompany the regulations, to assist with the necessary revisions required to Funding Strategy Statements</p> <p>A further response will be made by MHCLG in relation to the other proposals in the consultation (changes to the local fund valuation cycle, interim valuations and the status of further education, sixth form college and higher education corporations in England and Wales) in due course.</p> <p>On 27 Feb 2020, MHCLG published a partial response to this consultation covering the proposals on exit credits only. MHCLG will submit a further response to the other proposals covered by this consultation in due course.</p> <p>The response confirms that the majority of respondents supported the proposal to allow administering authorities to take account of an employer’s exposure to risk when calculating an exit credit. The Local Government Pension Scheme (Amendment) Regulations 2020 giving effect to these proposals were laid in Parliament and came into force on 20 March 2020.</p>	Updated

Organisation	Item	Details	Status
		<p>Background:-</p> <p>In May 2019, MHCLG launched a 12 week consultation on policy proposals to amend the rules of the Local Government Pension Scheme 2013 in England and Wales. It covered the following areas:</p> <ol style="list-style-type: none"> 1. Amendments to the local fund valuations from the current three year (triennial) to a four-year (quadrennial) cycle 2. A number of measures aimed at mitigating the risks of moving from triennial to quadrennial cycles 3. Proposals for flexibility on exit payments (Update - Resolved following second partial response to consultation in Aug 2020 and Amendment Regulations in Sept 2020). 4. Proposals for further policy changes to exit credits (Update - Resolved following partial response to consultation in Feb 2020 and Amendment Regulations in Mar 2020). 5. Proposals for policy changes to employers required to offer LGPS membership <p>MHCLG received around 280 responses, one of which was from APF.</p>	
TPR	TPR Pledge to Combat Pension Scams	<p>On 10 November 2020, the Pensions Regulator (TPR) launched the pledge to combat pension scams campaign. The campaign is supported by the Pension Scams Industry Group (PSIG) and urges administrators to commit to taking a number of actions to help protect scheme members thinking of transferring their pensions. Pledging to combat pension scams would show our intent to protect our members. It tells our members and the pensions industry that we are committed to stopping scammers in their tracks.</p> <p>We are currently in the process of reviewing the requirements outlined in the pledge against our internal transfer processes in order to ensure that we have covered all of the necessary commitments required to enable us to make a pledge. Once we have taken the pledge we will also ensure that this is adequately communicated on our website and member correspondence.</p> <p>Background:-</p> <p>According to complaints filed with Action Fraud, more than £30 million has been reportedly lost to pension scammers since 2017.</p>	New Item

Organisation	Item	Details	Status
ONS	September 2020 Rate of CPI	<p>On 21 October 2020, the Office for National Statistics announced the Consumer Prices Index (CPI) rate of inflation for September 2020 as 0.5%. We await confirmation from Government that the revaluation and pensions increase that will apply to LGPS active pension accounts, deferred pensions and pensions in payment in April 2021 will be 0.5%.</p> <p>Background:-</p> <p>Government policy in recent years has been to base increases under the Pensions (Increase) Act 1971 and revaluation of pension accounts under section 9 of the Public Service Pensions Act 2013 on the rate of CPI in September of the previous year.</p>	New Item
HMT	Equalisation of GMPs in public service pension schemes	<p>On 20 November 2020, the High Court ruled that trustees who do not equalise a member's GMP benefits at the time of calculating a cash equivalent transfer value (CETVs) have committed a breach of duty. Defined benefit schemes providing GMPs should revisit historic CETVs made in the past 30 years and top them up where necessary. The judgment does not force organisations to actively correct all pensions transfers; however, employers may look to do so to avoid legal proceedings from members affected. MHCLG has confirmed that GAD will issue guidance on the impact of the ruling for public service pension schemes in due course.</p> <p>Background:-</p> <p>On 26 October 2018, Mr Justice Morgan handed down judgment in Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank PLC, HBOS PLC, Angela Sharp, Judith Cain, Susan Dixon, Secretary of State for Work and Pensions and HMT. The High Court has held that schemes must equalise the discriminatory effects of GMPs and that this can be achieved using several methods. At the time, HMT confirmed that the judgement “does not impact on the current method used to achieve equalisation and indexation in public service pension schemes”.</p>	New Item

Organisation	Item	Details	Status
HMT	Indexation of GMPs in public service pension schemes	<p>Latest Update:-</p> <p>On 21 December 2020, the LGA and the LGPC submitted a joint response to the consultation setting out their view that they do not consider an extension of full indexation until April 2024 to be enough time, and that they believe it should either be extended for as long as possible, potentially until April 2030, or be made the permanent solution. Their main reason for this response being that the administrators of public service pension schemes are currently undertaking large programmes of work which are unlikely to be completed much before April 2030.</p> <p>Previous Updates:-</p> <p>On 7 October 2020, the government published a written ministerial statement and consultation on how it proposes to ensure it continues to meet these past commitments to public service employees regarding the full indexation of public service pensions, including for any related GMP element for members of public service pension schemes. The consultation, which closes on 30 December 2020, considers the policy options available to the government and proposes to extend the interim solution until at least April 2024 or to make it a permanent solution. A link to the consultation can be found as follows:-</p> <p>https://www.gov.uk/government/consultations/public-service-pensions-guaranteed-minimum-pension-indexation-consultation</p> <p>In Feb 2020, HMRC published a newsletter on GMP equalisation. HMT are working with MHCLG to assess if GMP equalisation must apply to LGPS members' benefits and will notify administrators of the outcome in due course.</p> <p>Background:-</p> <p>On 6 April 2016, the government introduced the new State Pension (nSP). The reformed system simplified pension provision but removed the mechanism that enabled those public servants in 'contracted-out' employment between 1978 – 1997 to have their Guaranteed Minimum Pension (GMP) fully price protected.</p> <p>On 1 March 2016, the government announced that public service pensioners reaching SPa after 5</p>	Updated

Organisation	Item	Details	Status
		<p>April 2016 and before 6 December 2018, would have the GMPs earned in public service fully indexed by the public service pension scheme.</p> <p>The government then launched a consultation to consider whether public service pension schemes should pay full indexation on GMP earned while a member of a public service pension scheme, for someone who reaches SPa after 5 December 2018.</p> <p>In Jan 2018, HMT published its response to the consultation directing that the “interim solution” between 6 April 2016 and 5 December 2018 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>	
TPR	Codes of Practice	<p>Previous Update:-</p> <p>On 1 September 2020, TPR confirmed that it intends to launch the formal consultation on a single Code of Practice in late 2020 or early 2021.</p> <p>Background:-</p> <p>The Pensions Regulator announced changes to existing codes of practice. The content of the 15 current codes of practice will be combined to form a single shorter code. The changes will reflect the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018. Codes most affected by these regulations will be addressed first, and this includes Code of Practice 14 (public sector schemes). Schemes will need to demonstrate that they have an effective governance system within 12 months of the date the updated codes are published.</p>	No Further Update

Organisation	Item	Details	Status
Government	Pension Schemes Bill	<p>Latest Update:- Following four sessions in Public Bill Committee on 3 and 5 November, Report Stage and Third Reading were on 16 November. The Bill was then sent back to the Lords for it to consider Commons amendments. The Pension Schemes Bill will receive Royal Assent and become law following a final parliamentary debate on amendments in the House of Lords. Once the bill receives Royal Assent, it will become the Pension Schemes Act 2021.</p> <p>It is expected that large parts of the bill will not come into force for many months and key provisions on pension scheme funding may not be implemented until 2022. Further regulations are needed on CDC schemes, dashboards, climate change governance, regulatory powers, defined benefit (DB) scheme funding and pension transfers.</p> <p>Previous Updates:-</p> <p>On 7 Oct 2020, the Pension Schemes Bill, which started in the House of Lords and was introduced into the House of Commons on 16 July 2020, had its Second Reading and is due have two days in Public Bill Committee on 3 and 5 November.</p> <p>On 19 Dec 2019, the Queen announced, in her speech, that the Government will reintroduce the Pension Schemes Bill which has been introduced in the House of Lords with the second reading on 28 January 2020. The Bill will now move to committee stage.</p> <p>On 14 Oct 2019, the Queen confirmed, in her speech, that a new Pension Schemes Bill will be introduced and will:-</p> <ul style="list-style-type: none"> • strengthen TPR’s powers • provide a framework to support pensions dashboards and • introduce regulations covering the right to a pension transfer. 	Updated

Organisation	Item	Details	Status
DWP	Pensions Dashboard	<p>Latest Update:-</p> <p>On 28 October 2020, the Money and Pensions Service (MaPS) published their second Pensions Dashboards Programme progress update report, see link here. The report includes updates on:</p> <ul style="list-style-type: none"> • the Pension Dashboards Programme’s (PDP) high level activity plan • resourcing to deliver next phases of the programme • market engagement to help finalise digital architecture requirements • refining requirements for identity verification • setting up a working group to ensure consumer focus • reviewing feedback. <p>The timetable in the report reveals that the PDP expects the dashboard to be available to retirement savers for the first time in 2023.</p> <p>Previous Update:-</p> <p>In April 2020, MaPs published two papers:-</p> <ul style="list-style-type: none"> • Pensions Dashboards Data Definitions – Working Paper (which lists the set of data items that could be included in the dashboards data standards. • Pensions Dashboards Data Scope: Working Paper (which looks at options for achieving early breadth of coverage and confirms that initial dashboards will only include information that is already available on annual statements to enable the maximum number of pension schemes to onboard at an early stage. <p>MaPS requested formal feedback on these papers throughout July and August and are currently reviewing the responses received and will give a summary in the autumn.</p> <p>Background:-</p> <p>The Pensions Dashboard is an online service which would allow people to see information from multiple pensions all in one place. Following a feasibility study, conducted by DWP, to explore the options for delivering the Pensions Dashboard, the Government launch a consultation in Dec 2018</p>	Updated

Organisation	Item	Details	Status
		<p>setting out the findings of the study and their recommendations for dashboards. In April 2019, the government published its response to the consultation outlining the key details of their plan including:-</p> <ul style="list-style-type: none"> • Legislation to compel pension providers to make consumers' data available on the dashboard • Staged onboarding of schemes with the majority of schemes participating within 3 to 4 years • The inclusion of state pension data • A commitment to multiple dashboards, with a non-commercial dashboard being overseen by the Money and Pensions Service (MAPS). <p>MAPS will lead the delivery of the initial phase of the pensions dashboards and will bring together a delivery group made up of stakeholders from across the industry, consumer groups, regulators and government.</p> <p>The DWP advises the pensions industry to get ready, in the next three to four years, to submit data. Compulsion will require primary legislation and the Pensions Minister, Guy Opperman, has indicated his Department's intention to include a Pensions Bill in the next Queen's Speech for this.</p>	
Government	Divorce, Dissolution and Separation Act 2020	<p>On 25 June 2020, the Divorce, Dissolution and Separation Act 2020 received royal assent and will, in the main, come into force on a date to be appointed by Government. The Act will revise the legal process in England and Wales for married couples to obtain divorces and for civil partners to dissolve their civil partnership. It will also update terminology: terms such as “decree nisi”, “decree absolute” and “petitioner” will be replaced with “conditional order”, “final order” and “applicant”.</p>	No Further Update

Organisation	Item	Details	Status
SAB	Responsible Investment	<p>At the SAB Meeting in May 2020, members were advised that work on preparing an A-Z guide to Responsible Investment will continue over the summer. As agreed in February the guide will not at this stage include any reference to fiduciary duty. The aim is to have a final draft for wider consultation ready to be considered by the Board by mid-August.</p> <p>On 11 May 2020, SAB issued a statement on the Supreme Court boycotts judgement as follows:- ‘The SAB welcomes the clarity brought by the judgement of the Supreme Court in the case of R (on the application of Palestine Solidarity Campaign Ltd and another) Appellants) v Secretary of State for Housing, Communities and Local Government (Respondent). In seeking to restrict the outcome as well as the considerations taken account of by an LGPS administering authority when developing its responsible investment policy, the government has been judged to have overstepped its powers. It is the Board’s view that Responsible Investment policy decisions belong at the local level reflecting: the need to pay pensions both now and in the future; local democratic accountability and the views of scheme members; and that outcomes of policy developments should not be subject to restrictions based on unrelated matters’.</p> <p>On 24 February 2020, the SAB issued a statement thanking all those who responded to the request for comments on Part 1 of the Responsible Investment draft guidance. They advised that responses have been generally positive, however, some respondents have raised concerns around the issue of fiduciary duty in the context of the LGPS and, in particular, the role and responsibilities of elected members responsible for making investment decisions.</p> <p>The Board is also aware that the issue of fiduciary duty was discussed during the recent case in the Supreme Court involving the Palestine Solidarity Campaign and MHCLG that could shed some light on how the fiduciary duty test applies to investment decision makers in the LGPS. More recently, the government has introduced amendments to the Pension Schemes Bill which potentially could have a significant impact on the way in which investment strategy statements are prepared on issues like ESG and climate change.</p> <p>For these reasons, the view is taken that it would be imprudent at this stage to offer any definitive advice or guidance on how the fiduciary duty test applies to investment decision makers in the LGPS. The Board has therefore decided to take stock until it has had the opportunity to evaluate the judgement handed down by the Supreme Court and when more is known about the government’s position on the proposed climate change provisions in the Pension Schemes Bill.</p>	No Further Update

Organisation	Item	Details	Status
		<p>Notwithstanding this decision, the Board is mindful that there are matters outside of fiduciary duty where advice and information would continue to be helpful. The Board has therefore decided to restructure the proposed guidance to explain and clarify the terminology associated with responsible investment and provide investment decision makers with a range of information, case studies and tools to help them meet the challenges associated with responsible investment. The revised document will be circulated in draft to scheme stakeholders for comment in the normal way.</p> <p>This change of direction will not preclude the Board from addressing the issue of fiduciary duty as a separate issue once the Supreme Court judgement in the foreign boycott case has been handed down and when there is more certainty about the government's proposals under the Pension Schemes Bill.</p> <p>On 3 January 2020, APF issued their response to the consultation.</p> <p>Background:-</p> <p>At the meeting of the Scheme Advisory Board on the 6th November 2019, approval was given for the first part of guidance on responsible investment to be published for consultation. The aim of this first part of RI guidance is to assist and help investment decision makers to identify the parameters of operation within scheme regulations, statutory guidance, fiduciary duty and the general public law and the scope for integrating ESG policies as part of investment strategy statements. The Board wished to make it clear that there is no intention to prescribe the extent to which ESG policies must be adopted as this must clearly remain a matter for local consideration and agreement in accordance with MHCLG's statutory guidance.</p> <p>The Board also agreed that work should commence on drafting part two of the guidance, the aim of which is to provide investment decision makers with a toolkit they can use to further integrate ESG policies as part of their investment strategy. As part of the consultation on part one of the guidance, consultees were also invited to submit details of case studies that evidence the successful adoption of ESG policies, in particular, those focused on the risks associated with climate change. Consultees were also invited to suggest other matters that should be included in the part two guidance. The aim will be to have prepared a working draft of the part two guidance in time for it to be considered by the Board when it next meets in February 2020.</p>	

Organisation	Item	Details	Status
Government	Consultation on Changes in RPI Methodology	<p>Latest Update:-</p> <p>On 25 November 2020, the Government and the UKSA published the response which indicates that RPI will be reformed to align with the Consumer Prices Index (including housing costs – CPIH). The reform will take place no earlier than February 2030. The Government acknowledges that the reforms could have an impact on defined benefit schemes but confirms that the later effective date of the changes will help to mitigate this. Members who made an election to purchase additional pension (LGPS England & Wales and Scotland) before 1 April 2012 receive annual increases on the additional pension purchased based on RPI. The increase on these benefits will be impacted when the reforms to RPI take place.</p> <p>Previous Updates:-</p> <p>On 11 March 2020, the Government and the UK Statistics Authority (UKSA) launched a consultation on UKSA’s proposal to address the shortcomings of the Retail Prices Index (RPI) measure of inflation. The consultation will cover, among other things, the issue of timing, including whether the UKSA’s proposal might be implemented at a date other than 2030, and if so, when between 2025 and 2030 and issues on technical matters concerning the implementation of its proposal. The consultation was initially set to be open for a period of six weeks, however, this period was extended by four months because of the coronavirus pandemic and therefore didn’t close until 21 August 2020. The government and UKSA is expected to publish their response to the consultation alongside the Spending Review on 25 November.</p> <p>On 13 January 2020, in a letter to the House of Lords Economic Affairs Committee, the Chancellor announced that the consultation will be launched at the Budget on 11 March 2020. GAD has published a technical bulletin on the proposed changes and their potential impact.</p> <p>Background:-</p> <p>Chancellor of the Exchequer Sajid Javid announced that the Government intends to consult on whether to align the RPI with the housing cost-based version of the CPI, known as CPIH. The consultation on the proposed changes will open in January 2020, and will ask whether the change should be made before 2030. A change in RPI would affect the revaluation (while the member is active, deferred or the pension is in payment) of extra pension bought under an ARC contract that started between 1 April 2008 and 31 March 2012.</p>	Updated

Bath & North East Somerset Council	
MEETING:	LOCAL PENSION BOARD
MEETING DATE:	9 February 2021
TITLE:	PENSION FUND ADMINISTRATION Overview & Summary Performance Report to 31st December 2020
WARD:	ALL
AN OPEN PUBLIC ITEM	
<p>List of attachments to this report:</p> <p>Appendix 1 – Membership data</p> <p>Appendix 2 – Performance against SLA & Workload</p> <p>Appendix 2a – Performance against Statutory Legal Deadlines</p> <p>Appendix 3 – Employer Performance</p> <p>Appendix 4 – TPR Data Improvement Plan</p> <p>Appendix 5 – Late Payers</p>	

1 THE ISSUE

1.1 The purpose of this report is to inform the Pension Board of the performance for Fund Administration for the period up to 31st December 2020 and actions undertaken following the Coronavirus outbreak and UK lockdown on 23rd March 2020.

2 RECOMMENDATION

The Pension Board is asked to Note:-

2.1 Fund and Employer performance for the three months to 31st December 2020.

3 COVID-19 AND FUND BUSINESS CONTINUITY

3.1 With the UK lockdown in place from 23rd March, the initial response from the Fund was focussed on communications, ensuring all staff officers had capability to undertake business operations remotely from home.

3.2 Secure communications were established for scheme members including the implementation of digital online tracing and member identification checking capability, mitigating the requirement for certificates to be sent by post.

3.3 Direct engagement with all key employers was established and is ongoing to review and monitor business as usual capability. All other employers have been surveyed to establish BAU capabilities with no significant issues being reported.

4 GOVERNANCE

4.1 Advice and guidance for scheme administrators has been received from the Pensions Regulator as the COVID-19 pandemic continues to evolve. Whilst the prioritisation of critical administration focussing on the continued payment of pensioner and dependent members and the processing of retirements and death cases remains, funds have been also been reminded of their responsibility to maintain other administrative processes.

5 MEMBERSHIP TRENDS

5.1 **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 number of new smaller employers to the Fund can be attributed mainly to the continued fragmentation of the employer base (newly created Academies/MAT's and Transferee Admitted Bodies) and this has a direct impact on the administration workload with increased movement between employers, especially within the education sector.

6 APF PERFORMANCE

6.1 As per TPR guidance the Fund has focussed on critical member processes including the processing of retirement and death benefits. **Appendix 2 (Annex 1 & 2)** and **Appendix 2a** provide details of APF performance up to the end of the last quarter for all KPI's measured against both SLA and statutory legal deadlines.

6.2 KPI performance is monitored and reported to the Pensions Manager for review on a bi-weekly basis. **Appendix 2 (Annex 3)** reflects the situation at the end of December with an overall 3,294 cases outstanding of which 1,828 (55%) are workable. This represents an overall increase in outstanding workable cases over the previous period and is partly due to an increase in additional workload created by the year end reconciliation process.

7 EMPLOYER PERFORMANCE

7.1 **Appendix 3** highlights employer SLA performance for notification of member retirements for the previous year and separately by case number over the three months to 31st December 2020.

8 TPR DATA IMPROVEMENT PLAN

8.1 There has been a reduction in recorded common data errors across most membership categories, with an improved overall data score of 95.38% for the quarter ending December 2020.

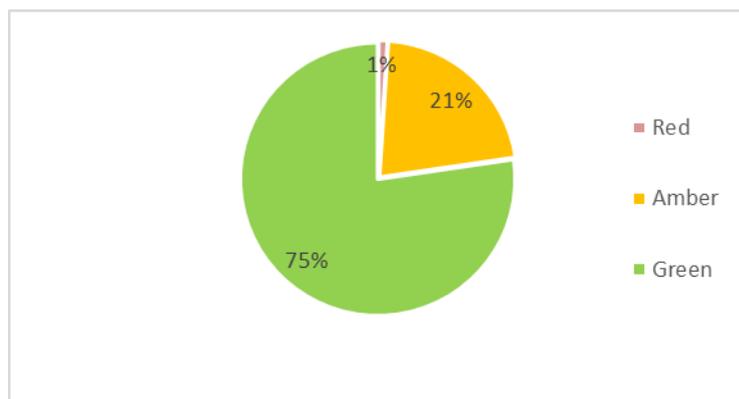
8.2 Improvements in the data score can be partly attributed to the missing CARE project that has been underway for the last 6 months which is now seeing positive results from employers and progress continues to be made with the address tracing project.

8.3 A summary of the RAG rating by employer is shown below. The RAG rating reflects employers with % outstanding data queries against profiled scheme membership: (over 10% = Red, between 0.1% & 10% = Amber and 0% = Green).

8.4 This chart shows positive improvement of employers with zero data queries, this has risen from 68% to 75% across fund employers.

No of Employers Sept 2020	No of Employers Sept 2020	Queries	RAG rating
25	20	10% >	Red
109	96	0.1 to 10%	Amber
308	336	0%	Green

December 2020



Data for the Unitary Authorities is listed below.

Unitary authorities	Queries Mar 20	Queries Jun 20	Queries Sept 20	Queries Dec 20	Member ship	RAG	
BANES	48	41	74	44	3244	1.35%	Amber
Bristol City	271	224	196	173	9888	1.75%	Amber
North Somerset	8	10	17	10	2268	0.44%	Amber
South Gloucestershire	142	134	166	106	6979	1.51%	Amber

9 RESOURCE UPDATE

9.1 The administration recruitment project is still ongoing and currently in Phase 2 of 3. The induction and training of newly appointed members of staff via the new training officer program is in place and working well.

9.2 A project lead has now been appointed for the McCloud Data Collection project, this was an internal appointment and backfilling is currently underway.

10 LATE PAYERS

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

10.2 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.

10.3 **Appendix 5** reports late payers in the period to 31st December 2020. 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.

11 RISK MANAGEMENT

11.1 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.

12 EQUALITIES STATEMENT

12.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified

13 CLIMATE CHANGE

13.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Low Carbon Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

14 OTHER OPTIONS CONSIDERED

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

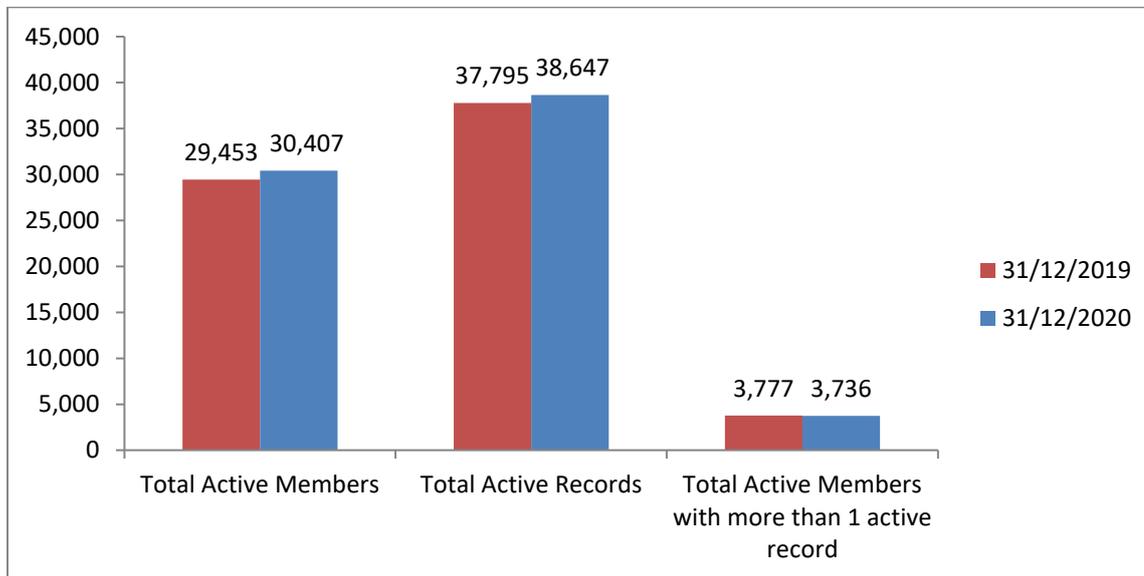
15 CONSULTATION

15.1 Reports and its contents have been discussed with the Head of Business Finance & Pensions representing the Avon Pension Fund and Service Director – One West representing the administering authority.

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

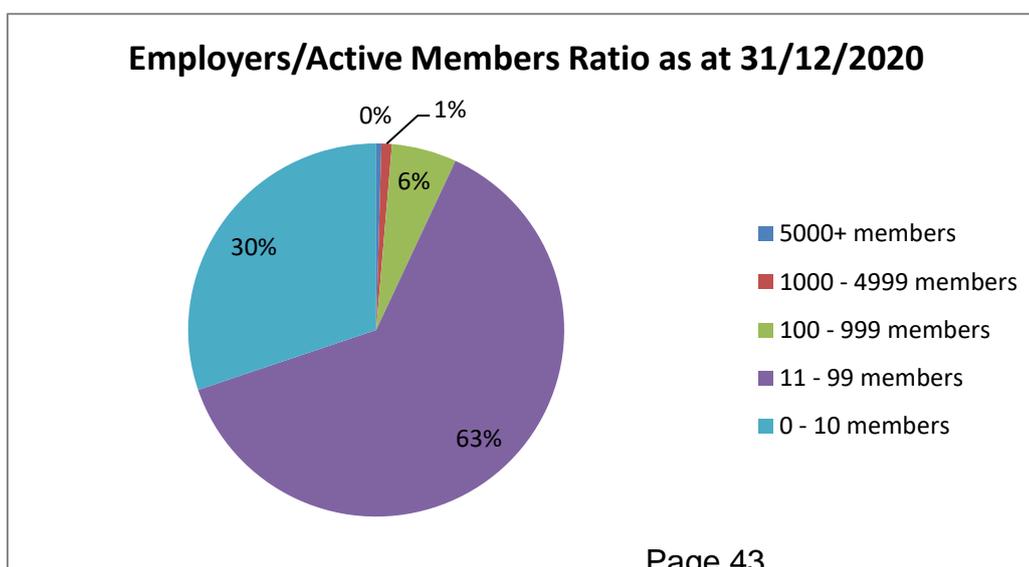
Annex 1

Active membership	31/12/2019	31/12/2020	+/-
Total Active Members	29,453	30,407	+954
Total Active Records	37,795	38,647	+852
Total Active Members with more than 1 active record	3,777	3,736	-41



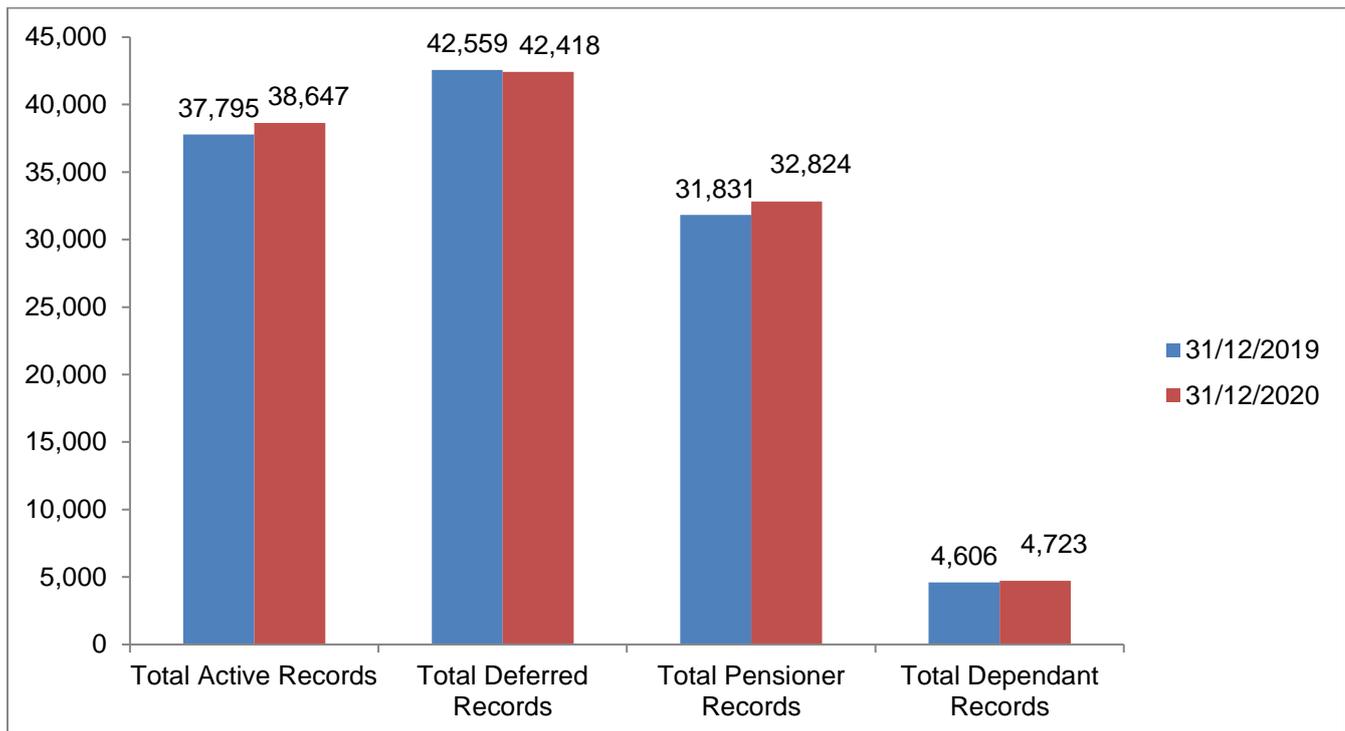
Annex 2

Employers/Active Members Ratio	31/12/2019	31/12/2020	+/-
Number of employers with 5000+ members	2	2	+0
Number of employers with between 1000 and 4999 members	4	4	+0
Number of employers with between 100 and 999 members	23	25	+2
Number of employers with between 11 and 99 members	265	281	+16
Number of employers with between 0 and 10 members	147	135	-12
Total	441	447	+6



Annex 3 – Total number of member records by type

	31/12/2019	31/12/2020	+/-
Total Active Records	37,795	38,647	+852
Total Deferred Records	42,559	42,418	-141
Total Pensioner Records	31,831	32,824	+993
Total Dependant Records	4,606	4,723	+117



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 - 15 days	272	220	80.88%	21	88.60%
	Payment - 15 days	189	163	86.24%	19	96.30%
Retirement (from Deferred)	Quote - 30 days	77	50	64.94%	5	71.43%
	Payment - 15 days	265	252	95.09%	6	97.36%
Deaths	Notification - 5 days	96	96	100.00%		100.00%
	Payment - 10 days	90	88	97.78%	1	98.89%
Refund of contributions	Quote - 10 days	192	27	14.06%	5	16.67%
	Payment - 10 days	147	105	71.43%	33	93.88%
Deferreds (early leavers)	30 days	313	78	24.92%	235	100.00%
Transfers In	Quote - 10 days	44	36	81.82%	6	95.45%
	Payment - 10 days	48	30	62.50%	11	85.42%
Transfers Out	Quote - 10 days	48	7	14.58%	6	27.08%
	Payment - 10 days	15	8	53.33%	1	60.00%
Estimates	Member - 15 days	101	77	76.24%	14	90.10%
	Employer - 15 days	42	36	85.71%	2	90.48%
Divorce	Quote - 45 days	55	50	90.91%	0	90.91%
	Actual - 15 days	2	2	100.00%	0	100.00%
Starters	40 days	323	230	71.21%	0	71.21%
		2319	1555	67.05%	365	82.79%

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

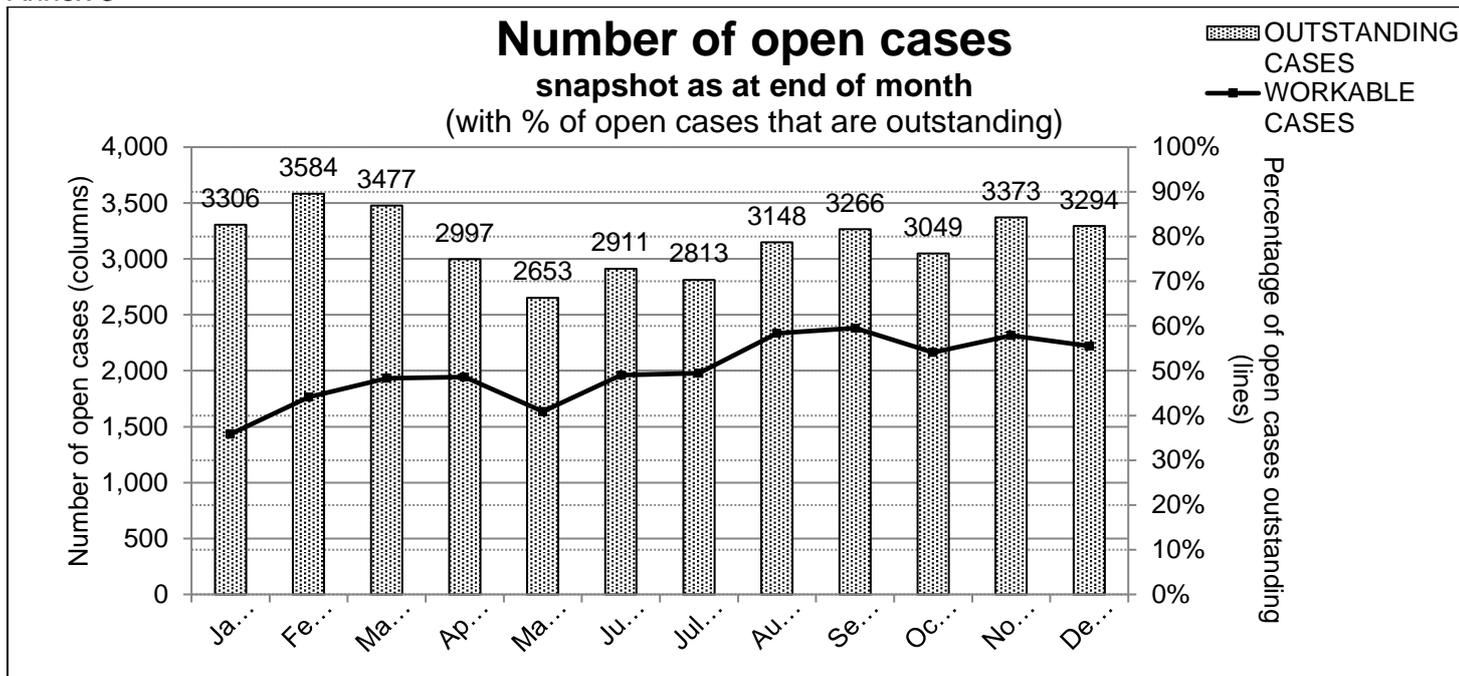
		Tasks Last Quarter							
		Average Days to Process	Actual Days to Process						
			0 - 5	6 - 10	11 - 15	16 - 20	21 - 25	26 - 30	31+
Retirement (from Active)	Quote - 15 days	11	78	77	65	21	20	9	2
	Payment - 15 days	9	93	51	19	19	4	1	2
Retirement (from Deferred)	Quote - 30 days	10	55	9	7	0	2	0	4
	Payment - 15 days	6	175	55	22	6	4	1	2
Deaths	Notification - 5 days	1	96	0	0	0	0	0	0
	Payment - 10 days	4	78	10	1	1	0	0	0
Refund of contributions	Quote - 10 days	24	24	3	5	10	4	35	111
	Payment - 10 days	9	80	25	33	6	3	0	0
Deferreds (early leavers)	30 days	53	14	13	20	20	8	3	235
Transfers In	Quote - 10 days	12	10	26	6	0	0	0	2
	Payment - 10 days	11	22	8	11	0	3	2	2
Transfers Out	Quote - 10 days	34	3	4	6	4	3	12	16
	Payment - 10 days	12	5	3	1	4	2	0	0
Estimates	Member - 15 days	13	20	39	18	14	10	0	0
	Employer - 15 days	7	24	6	6	2	3	1	0
Divorce	Quote - 45 days	25	10	9	7	3	4	7	15
	Actual - 15 days	1	2	0	0	0	0	0	0
Starters	40 days	30	15	69	20	71	16	19	57

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

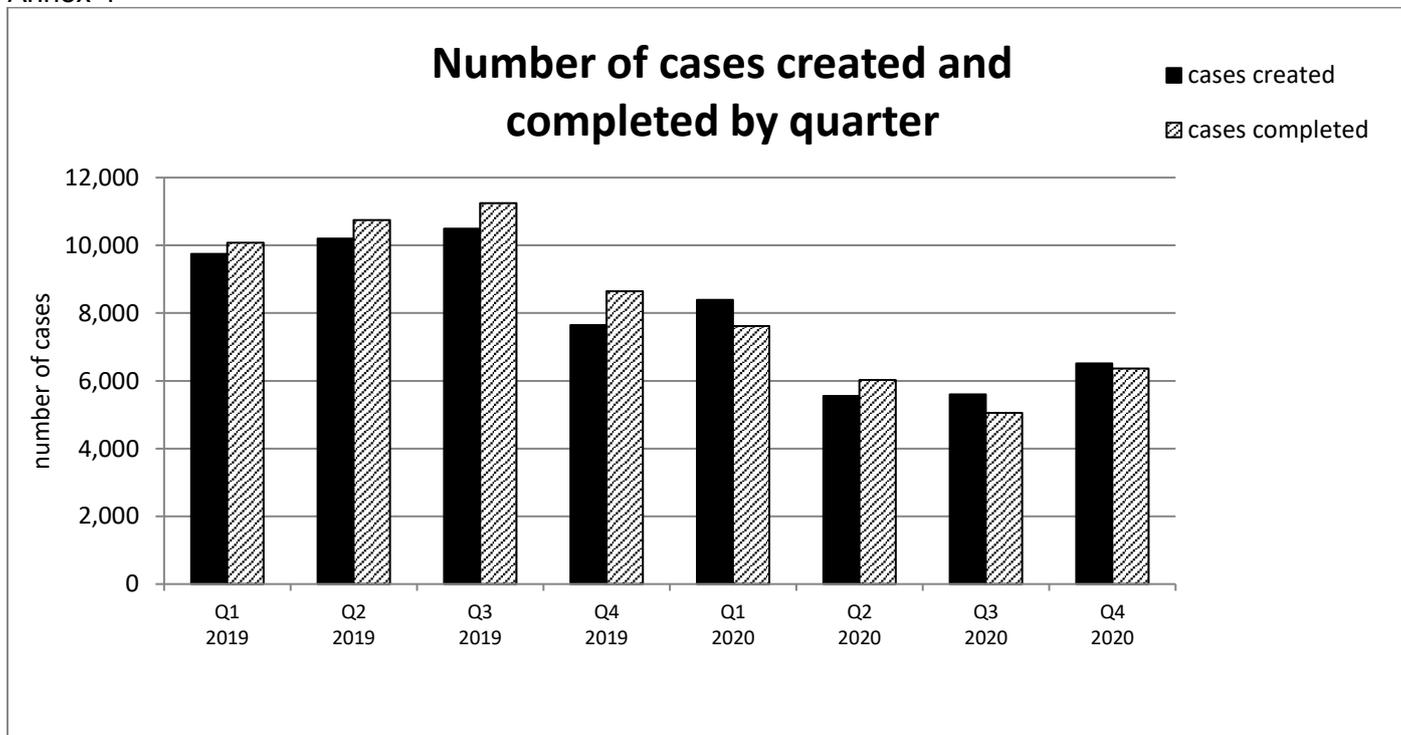
SLA Standards for Processing Admin Tasks						
Work Type	Target Processing SLA (Old/New)	Q1 Jan 20 - Mar 20	Q2 Apr 20 - Jun 20	Q2 Jul 20 - Sept 20	Q2 Oct 20 - Dec 20	Trend
Retirement (from Active)	Quote - 5 / 15 days	75.14%	93.94%	84.98%	80.88%	
	Payment - 5 / 15 days	95.21%	98.16%	97.26%	86.24%	
Retirement (from Deferred)	Quote - 30 days	45.78%	73.58%	56.04%	64.94%	
	Payment - 5 / 15 days	95.02%	98.75%	97.47%	95.09%	
Deaths	Notification - 5 days	99.21%	97.20%	100.00%	100.00%	
	Payment - 5 / 10 days	99.09%	92.16%	94.51%	97.78%	
Refund of contributions	Quote - 10 days	78.65%	45.07%	58.31%	14.06%	
	Payment - 10 days	76.68%	97.27%	97.04%	71.43%	
Deferreds (early leavers)	Notification - 20 / 30 days	96.84%	42.86%	18.24%	24.92%	
Transfers In	Quote - 10 days	80.25%	46.59%	38.46%	81.82%	
	Payment - 10 days	85.71%	47.83%	64.58%	62.50%	
Transfers Out	Quote - 10 days	90.27%	30.93%	18.42%	14.58%	
	Payment - 10 days	90.91%	31.25%	57.14%	53.33%	
Estimates	Member - 10/15 days	90.55%	86.84%	87.15%	76.24%	
	Employer - 15 days	68.75%	94.23%	50.00%	85.71%	
Divorce	Quote - 45 days	90.79%	92.00%	95.56%	90.91%	
	Actual - 15 days	100.00%	100.00%	100.00%	100.00%	
Starters	40 days	98.80%	99.42%	100.00%	71.21%	
Total Cases Processed		4274	3053	2342	2319	

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

Annex 3



Annex 4



Appendix 2a

APF Completed Cases - Performance against Statutory Legal Deadline

		Cases Last Quarter - October 20 - December 20			
		Measured Against Statutory Legal Requirement			
		Target	Total Processed	Total Processed in Target	Percentage Processed within Target
Retirement (from Active)	Notification of Benefits	46 days	76	63	82.89%
Retirement (from Deferred)	Notification of Benefits	23/46 days	72	68	94.44%
Deaths	Notification of Benefits	46 days	86	86	100.00%
Refund of contributions	Notification of Entitlement	46 days	192	192	100.00%
Deferreds (early leavers)	Notification of Entitlement	46 days	313	313	100.00%
Transfers In	Provision of Quotation	46 days	40	34	85.00%
Transfers Out	Notification of Trf Value	69 days	48	46	95.83%
	Payment of Trf Value	138 days	14	14	100.00%
Estimates	Provision of Quotation	46 days	107	106	99.07%
Divorce	Provision of Quotation	69 days	55	50	90.91%
	Application of Order	92 days	2	2	100.00%
Starters	Statutory Notice Issued	46 days	323	230	71.21%

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

Comments where performance has fallen below expected target:-

Retirements – Home working and lockdown restrictions with further limited access to the office has impacted case work completion. We have also experienced a number of delays with obtaining information from employers once a member has left.

Transfers In – Due to working from home and lockdown restrictions with access to the office these cases were initially not a priority and our main focus was on paying benefits, transfer in cases are currently delayed at print stage causing a backlog.

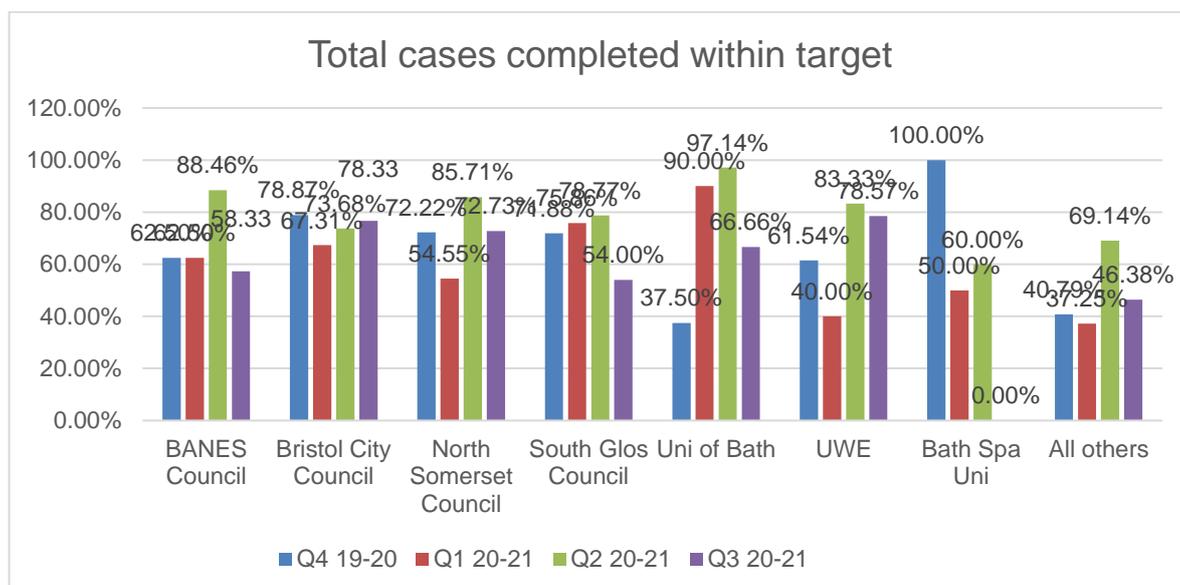
Starters – The delays have been due to the late submission of some i-Connect monthly returns causing a backlog of starters once the data has been loaded to the system.

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Completed leaver forms by employers for retirements within SLA targets.

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

	Q4 19-20	Q1 20-21	Q2 20-21	Q3 20-21
BANES Council	62.50%	62.50%	88.46%	58.33%
Bristol City Council	78.87%	67.31%	73.68%	78.33%
North Somerset Council	72.22%	54.55%	85.71%	72.73%
South Gos Council	71.88%	75.86%	78.77%	54.00%
Uni of Bath	37.50%	90.00%	97.14%	66.66%
UWE	61.54%	40.00%	83.33%	78.57%
Bath Spa Uni	100.00%	50.00%	60.00%	0.00%
All others	40.79%	37.25%	69.14%	46.38%



Annex 2 – Breakdown by case type within target

Within target	Retirements		
	Cases	Within	%
BANES Council	24	14	58.33%
Bristol City Council	60	47	78.33%
North Somerset Council	11	8	72.73%
South Gos Council	50	27	54.00%
Uni of Bath	6	4	66.66%
UWE	14	11	78.57%
Bath Spa Uni	1	0	0.00%
All others	138	64	46.38%

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Annex 1 – TPR Errors by Member Numbers

	September 2020				December 2020				Trend
	Member Records	TPR Errors	% Errors	Data Score	Member Records	TPR Errors	% Errors	Data Score	
ACTIVE	37523	506	1.35%	98.65	38249	317	0.83%	99.17	▲
UNDECIDED	3801	350	9.21%	90.79	5318	295	5.55%	94.45	▲
DEFERRED	42573	4378	10.28%	89.72	42387	3784	8.93%	91.07	▲
PENSIONERS	32506	206	0.63%	99.37	32813	275	0.84%	99.16	▼
DEPENDANTS	4927	99	2.01%	97.99	4950	119	2.40%	97.60	▼
FROZEN	3862	1301	33.69%	66.31	3783	1105	29.21%	70.79	▲
TOTALS	125192	6840	5.46%	94.54	127500	5895	4.62%	95.38	▲

Annex 2 – Outstanding Queries by Type

	September 2020		December 2020		Trend
	TPR Errors	%	TPR Errors	%	
Age 75 exceeded LGPS eligibility issue	63	0.84%	64	0.99%	▼
CARE pay for 2014-2015 required	37	0.49%	17	0.02%	▲
CARE pay for 2015-2016 required	35	0.47%	18	0.28%	▲
CARE pay for 2016-2017 required	36	0.48%	26	0.40%	▲
CARE pay for 2017-2018 required	67	0.90%	46	0.72%	▲
CARE pay for 2018-2019 required	119	1.59%	60	0.93%	▲
CARE pay for 2019-2020 required	160	2.14%	83	1.29%	▲
Casual hours data required	8	0.11%	7	0.11%	▲
Historic refund case	617	8.25%	537	8.35%	▲
Leaver form required	242	3.23%	182	2.83%	▲
Correct Forenames required	11	0.15%	11	0.17%	▲
Correct gender required	1	0.01%	4	0.06%	▼
Correct NINO required	163	2.18%	167	2.60%	▼
Correct address required	5900	78.86%	5179	80.51%	▲
Correct title required ie Miss or Mr	6	0.08%	2	0.03%	▲
Pay Ref required	2	0.03%	3	0.04%	▼
Date joined fund	0	0%	1	0.01%	▼
Data required from a previous employer	15	0.20%	26	0.40%	▼
Grand total	7482	100	6433	100	▲

Common Data

Scheme Specific Data

Annex 3 – Outstanding TPR by status

	TPR Errors September 2020	%	TPR Errors December 2020	%
1 ACTIVE	625	100%	375	100
Age 75 exceeded LGPS eligibility issue	0	0%	1	0.27%
CARE pay for 2014-2015 required	33	5.29%	14	3.73%
CARE pay for 2015-2016 required	30	4.81%	15	4.00%
CARE pay for 2016-2017 required	28	4.48%	17	4.53%
CARE pay for 2017-2018 required	51	7.82%	32	8.53%
CARE pay for 2018-2019 required	103	16.48%	44	11.73%
CARE pay for 2019-2020 required	142	22.72%	73	19.47%
Casual hours data required	5	0.81%	3	0.80%
Correct address required	218	34.88%	139	37.07%
Correct NINO required	3	0.49%	10	2.67%
Correct gender required	0	0%	2	0.53%
Pay Ref required	1	0.17%	2	0.53%
Leaver form required	3	0.49%	7	1.87%
Data Required from a previous employer	8	1.28%	16	4.27%
2 UNDECIDED	407	100%	337	100
Age 75 exceeded LGPS eligibility issue	3	0.74%	0	0.00%
CARE pay for 2014-2015 required	4	0.98%	3	0.89%
CARE pay for 2015-2016 required	5	1.23%	3	0.89%
CARE pay for 2016-2017 required	8	1.97%	9	2.67%
CARE pay for 2017-2018 required	15	3.69%	13	3.86%
CARE pay for 2018-2019 required	16	3.93%	16	4.75%
CARE pay for 2019-2020 required	18	4.42%	10	2.97%
Casual hours data required	3	0.74%	1	0.30%
Correct address required	88	21.62%	93	27.60%
Leaver form required	238	58.48%	174	51.63%
Pay Ref required	1	0.25%	1	0.30%
Correct NINO required	2	0.48%	4	1.19%
Date joined fund required	0	0%	1	0.30%
Data Required from a previous employer	6	1.47%	9	2.67%
4 DEFERRED	4413	100%	3824	100
Age 75 exceeded LGPS eligibility issue	7	0.16%	8	0.21%
Correct address required	4359	98.78%	3767	98.51%
Correct NINO required	46	1.04%	46	1.20%

5 PENSIONERS	207	100%	277	100
Correct address required	204	98.55%	273	98.56%
Correct gender required	1	0.48%	2	0.72%
Correct NINO required	2	0.97%	2	0.72%
6 DEPENDANTS	100	100%	122	100
Correct address required	35	35%	63	51.64%
Correct title required ie Miss or Mr	5	5%	1	0.82%
Correct Forenames required	0	0%	2	1.64%
Correct NINO required	60	60%	56	45.90%
9 FROZEN	1728	100%	1498	100
Age 75 exceeded LGPS eligibility issue	53	3.09%	55	3.67%
CARE pay for 2017-2018 required	0	0%	1	0.07%
Correct Forenames required	9	0.52%	9	0.60%
Correct title required ie Miss or Mr	1	0.06%	1	0.07%
Correct address required	996	57.62%	844	56.34%
Correct NINO required	50	2.89%	49	3.27%
Historic refund case	617	35.71%	537	35.85%
Data Required from a previous employer	1	0.06%	1	0.07%
Leaver form required	1	0.06%	1	0.07%
Grand Total	7482	100%	6433	100%

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APPENDIX 5

Late Payers to 31st December 2020

Employer	Payroll Month	Days late	Cumulative occasions	Amount £	Significance	Reason / Action
Weston Support Services	October	51	2	121.89	Days	Employer has been reminded of their obligations to pay contributions in a timely manner but continues to pay in bulk payments. December was paid 10 days early.
Weston Support Services	November	21	3	121.89	Days	As above
Nobilis Care West Ltd	November	14	1	393.27	Days	December paid 14 days early.
				637.05	Over The 3 Months	
Total Contributions in Period (excluding deficit payments)				41,325,704	Late payments value as a % of total = 0.001%. Late Payments received from 2 out of 410 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.						
Calculation of cumulative occasions is based on a rolling 12 month period, consequently the number of cumulative occasions can go down as well as up.						

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Bath & North East Somerset Council	
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND
MEETING DATE:	9 February 2021
	AGENDA ITEM NUMBER 12
TITLE:	Risk Management Update – Risk Register
WARD:	ALL
AN OPEN PUBLIC ITEM	
<p>List of attachments to this report:</p> <p>Appendix 1 Avon Pension Fund Risk Register</p> <p>Appendix 2 Dashboard</p>	

1. THE ISSUE

1.1. The purpose of this report is to update the Pension Board with the latest risk register as at 31 December 2020.

2. RECOMMENDATION

2.1. That the Board notes the report.

3. FINANCIAL IMPLICATIONS

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

4. REPORT – NEW RISK MANAGEMENT PROCESS & 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. All risks with a review date are re-evaluated using the evaluation form and updates agreed and made to the risk register. Any new risks identified or changes to any other risks are also considered and the necessary amendments made.

4.3. The risk register including likelihood, impact and mitigating actions is included in Appendix 1 and overview dashboard is attached as Appendix 2.

4.4. 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

4.5 Following the quarterly review all risks remained unchanged in terms of risk score apart from:

- (i) Introduction of £95k cap - legislation implementing the £95k cap on exit payments came into force on 4 November. This is ahead of the changes required to the LGPS regulations which are currently in the process of being consulted upon and are expected in early 2021. This leaves the Fund in an uncertain position legally and legal advice has been sought on how to proceed with cases in the interim period. There is also further reform expected with the LGPS regulation amendments.

4.6 Other updates for this quarter which did not affect the overall risk score were:

- (i) The McCloud consultation has now closed and a response is expected to be issued by MHCLG in early 2021 outlining the final remedy. Changes to primary legislation not expected until April 2022. Work is underway to develop a comprehensive project programme with multiple workstreams contained within it. Initial analysis has been carried out to identify the number of members that are impacted by the consultation proposals, the action required to implement the remedy and which employer they fall under. The current priority is to collect missing data from employers in respect of working hours and details of service breaks, since 1 April 2014, for all members in scope of protection.
- (ii) Deterioration in financial stability of employers - the covenant work plan has been agreed & is being implemented. The Fund is experiencing an increase in contribution queries from outsourcing employers about pension costs on their contracts. The Fund is considering the changes to the USS debt arrangements with employers which would mean LGPS ranks lower in event of insolvency, which will affect covenant of HE's. Policy being developed for Deferred Debt Arrangements (regulations passed but implementation guidance is not due until early 2021).
- (iii) The sustainability of remote working continues to be monitored. TPR/SAB guidance continues to be reviewed as received & procedures reviewed as necessary. A review of staff identified as needing to return to the office was done but due to latest Government guidance all staff will continue to work from home for time being. Roll out of new IT equipment to all staff expected April 2022
- (iv) The First phase of three phases of recruitment for Administration posts started in September 2020. A Trainer has been appointed to train the new recruits. A

new member of the Investments Team has been appointed and will start in January 2020.

- (v) Paper on Brexit risks taken to Nov 20 Investment Panel. Risks point to sharp GBP sell-off if by end of year no deal materialises which would lead to FX hedge detracting from returns. Cashflow monitoring being developed to ensure sufficient ongoing cash collateral to support hedging strategies. Kept under review through routine monitoring and specialist advice. Inflation linked assets/Gilts/Corporate Bonds held as part of Risk Management (RM) framework. Any short-term impact on yields and/or inflation not expected to have material impact as RM framework is long-term strategy with long duration assets and corporate bonds held to maturity for cash flow matching purposes. The Fund has zero allocation to UK equities. UK property transition to Brunel is due in 1Q2021 - UK property portfolio positioned defensively i.e. underweight retail and office space; overweight industrials.

5. EQUALITIES

- 5.1. A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

6. CLIMATE CHANGE

- 6.1. The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Low Carbon Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

7. CONSULTATION

- 1.1 Reports and its contents have been discussed with the Head of Business Finance & Pensions representing the Avon Pension Fund and Service Director – One West representing the administering authority.

Contact person	Carolyn Morgan - Governance & Risk Advisor – 01225 395240
Background papers	
Please contact the report author if you need to access this report in an alternative format	

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Risk	Risk Number	Impact	RAG	Trend	Mitigating Action (For Committee / Board report)
Recruitment of staff	R28	Fund's ability to develop & implement service plan and administer the Fund		◀	First phase of three phases of recruitment for Administration posts started in September 20. Trainer has been appointed to train the new recruits. A new member of the Investments Team has been appointed and will start in January 2021.
The introduction of the exit payment cap	R53	This will place an additional burden on the administration resource		▲	Legislation implementing the £95k cap on exit payments came into force on 4 November, this is ahead of the changes required to the LGPS regulations which are currently in the process of being consulted upon and are expected in early 2021. This leaves us in an uncertain position legally and we are in the process of seeking legal advice on how to proceed with cases in the interim period. There is also further reform expected with the LGPS regulation amendments.
McCloud/Sargeant Judgements resulting in the extension of protections	R63	Increase in workload on administration side and for scheme employers		◀	The consultation has now closed and we expect a response to be issued by MHCLG in early 2021 outlining the final remedy. Changes to primary legislation not expected until April 2022. Work is underway to develop a comprehensive project programme with multiple workstreams contained within it. Initial analysis has been carried out to identify the number of members that are impacted by the consultation proposals, the action required to implement the remedy and which employer they fall under. The current priority is to collect missing data from employers in respect of working hours and details of service breaks, since 1 April 2014, for all members in scope of protection.
Deterioration in financial stability of employers (employer Covenants)	R23	employers not able to meet their liabilities impact on rest of Fund		◀	The covenant work plan has been agreed & is being implemented. Experiencing an increase in contribution queries from outsourcing employers about pension costs on their contracts. Actively considering the changes to the USS debt arrangements with employers which would mean LGPS ranks lower in event of insolvency, which will affect covenant of HE's. Policy being developed for Deferred Debt Arrangements (regulations passed but implementation guidance is not due until early 2021).
Failure to earn investment returns	R26	scheme cannot meet liabilities, employer conts could rise		◀	Review of Investment Strategy & risk management strategies. Specialist advisors used. Revised ISS was approved in April 2020. Market volatility & event risk remains but significant market recovery has led to Fund recovering Q1 losses. Portfolio positioned defensively with min exposure to UK equities.
Political Pressure to reform the scheme & direct investment decisions eg ESG	R42	National decisions are not in best interests of the scheme		◀	Participate in Brunel pool, ISS aligned with Fund's Climate Change policy. Recent supreme court judgement against SoS re ESG guidance clarifies that government only has power over how funds invests, not what they invest in. Have good local governance but national decisions could impact/
Increase in employers	R56	increased resources needed to support more employers		◀	Additional resources have been put into Employer Services to support & train employers. Phase one of three phases of recruitment started September 20. Trainer has been appointed to train the new recruits. Currently more employer exits than new admissions.
Climate Change Emergency	R60	Significant financial risk to the value of the investments assets		◀	SAA revised to a higher allocation to climate positive investments. Unable to control global markets in general only through strategy.
Failure to secure and manage personal data held by the Fund in line with Data Protection Regulations	R05/R58	Personal data is corrupted, compromised or illegally shared resulting in fines & reputational damage.		◀	Working through Data Protection project plan with assistance of Banes DPO. New processes put in place for remote working due to Coronavirus (DPIA assessment carried out) Cyber Security E-Learning for all staff
Inadequate knowledge of those charged with governance. Committee Members knowledge is impacted by re-election process. Failure to comply with statutory regulations	R25	delays in decision making for the Committee & Fund. Failure to meet MIFID & TPR regs		◀	Training plan in place and independent members appointed. Taking part in Hyman's National Knowledge Assessment for Committee & Board members.
Implementation of changes arising from scheme cost cap mechanism	R47	Additional burden on administration. Awareness of members & employers		◀	On 16 July 2020 the Government made an announcement confirming that the cost control mechanism pause will be lifted for public sector schemes and the objective would be to complete the process by next year, taking into account the cost of the proposals to remedy age discrimination. The SAB further agreed that the LGPS cost cap arrangement should be un-paused in the same way as the HMT arrangement, but no action should be taken until the HMT Direction, on how McCloud costs are to be considered, is published early next year along with the final remedy details.
Delays in transition of assets to Brunel or Brunel fails to deliver its objectives	R54	delays could impact pool's ability to deliver savings in line with business case or pool could fail if objectives are not met		◀	Brunel Transition Plan monitored by Client Group & BOB. Investment Panel & Committee monitor. Slight delay in 2020 transitions due to COVID. Transition plan restarted in July 2020. Loss of CIO means less senior management resources for 3- 9 months
Iconnect data from employers	R59	Incorrect member data on records and valuation of employer liabilities		◀	Iconnect Team has been set up and extracts are now loaded inhouse, controls are being reviewed
Sustainability of working arrangements during Covid 19 outbreak	R64	Unable to deliver service to members and employers		◀	Steps have been taken to mitigate the risk of Coronavirus impacting on the service as set out in our business continuity update report circulated to Committee members June 2020. TPR/SAB guidance continues to be reviewed as received & procedures reviewed as necessary. A review of staff identified as needing to return to the office was done but due to latest Government guidance all staff will continue to work from home for time being. Roll out of new IT equipment to all staff expected app April 2021
Late / incorrect contributions from employers	R10	cashflow, employer funding position, TPR breach		◀	Monthly reconciliation, follow up in line with TPR code and late payers reported to Committee & Board. Top 34 employers contributing into the fund continue to pay on time. No significant increase in terms of other employers paying late, but this should still be monitored very closely as the situation continues to evolve.
Service delivery efficiency & customer service	R29	poor member outcomes		◀	Monitoring & reporting of Fund performance against statutory & TPR requirements. Admin & Comms strategy. Procedures have been updated for remote working and priority work has been identified, but currently risk of backlogs & complaints. A review of forms that are sent to members with a requirement of a signature to see if electronic signature acceptable rather than wet signature. Looking at ways to develop how we communicate with our members, as still a high dependence on the postal system. This issue is being addressed in the scope of an organisational-wide project, which will include the digitisation of our communications with scheme members.

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Governance Risks						Impact		Investment & Funding Risks				
Total	0	0	0	0	0	Negligible	0	0	0	0	0	Total
4	1	0	0	0	0	Low	0	0	2	1	2	11
	1	0	0	1	0	Medium	0	1	0	0	0	
	0	0	0	0	0	High	0	3	0	0	1	
	0	0	0	0	1	Critical	0	0	1	0	0	
Likelihood	Rare	Unlikely	Possible	Likely	Almost Certain		Almost Certain	Likely	Possible	Unlikely	Rare	Likelihood
	0	0	0	0	0	Critical	0	0	0	0	0	
	0	0	4	1	2	High	0	0	0	0	0	
	2	1	1	0	0	Medium	0	0	1	0	1	
Total	0	0	1	0	0	Low	0	0	0	0	0	Total
13	0	1	0	0	0	Negligible	0	0	0	0	1	3
	Administration Risks					Impact		Financial Risks				

The above tables show the number of risks, broken down by type, and their current risk exposure

Key:- Based on Risk Score



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Bath & North East Somerset Council			
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND		
MEETING DATE:	9 February 2021	AGENDA ITEM NUMBER	13
TITLE:	Pension Board – Training and Work Plan Update		
WARD:	ALL		
AN OPEN PUBLIC ITEM			
List of attachments to this report:			
Appendix 1 – Outline Training & Workplan 2020/21			

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 request high level training needs from Board Members.

2 RECOMMENDATION

That the Board

- 2.1 Notes the report and recommends high level Training needs through 2020/21.

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 the Governance & Risk Advisor to aid future training needs analysis.

4.4 Appendix 1 contains the current training for the year to date.

4.5 Members are asked to consider Training needs through the rest of 2020/21 to fit into the working cycle of the Board.

4.6 **Work Plan**

4.7 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.

4.8 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.

4.9 An outline of the Work Plan is attached at Appendix 1 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.

4.10 **Guidance Documents**

4.11 Appendix 1 also contains some additional documents for Board members' reference such as details about the roles and responsibilities of Pension Board members and the Chair, The Pensions Regulator's knowledge & understanding requirements, CIPFA Housekeeping Checklist and recommended workplan.

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.

6 EQUALITIES

6.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

7 CLIMATE CHANGE

7.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Low Carbon Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

8 CONSULTATION

8.1 Reports and its contents have been discussed with the Head of Business Finance & Pensions representing the Avon Pension Fund and Service Director – One West representing the administering authority.

Contact person	Carolyn Morgan – Governance & Risk Advisor – 01225 395240
Please contact the report author if you need to access this report in an alternative format	

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Avon Pension Fund
Local Pension Board
Workplan & Training plan 2020/21
Plus
Roles & Responsibilities
Training Requirements
Housekeeping Checklist

Pension Board Workplan

Workplan	24/09/20 Workshop	13/11/20 Formal	01/20 Workshop	09/02/21 Formal	May 21
Board Governance					
Terms of Reference (Governance) review					
Code of Conduct/ Conflicts of Interest policy					
Work Plan		X		X	
Training Plan		X		X	
Annual budget setting and monitoring					X
Annual Report to PC and Council approval		X (email)			
Scheme and Fund Governance					
Legal, policy, regulatory developments		X		X	
McCloud Update					X
Minutes PC, IP, BOB					
Annual Service Plan					X
External advisor appointments review process/controls					
Risk Register review		X		X	
Good Governance Review					
TPR Code 14 Compliance updates		X		X	
Governance Compliance statement					
Internal Audit plan/reports on APF					X
External Audit Governance Report and Accounts					
Benchmarking against other BPP funds				X	
Funding/Investments					
Statutory Investment Strategy Statement consultation/process/report					
2019 Triennial valuation process/controls/report?					
Statutory GAD S13 triennial funding report?					
BPP update (delivery/savings)				X	
Benefits Admin/Comms					
Admin Strategy Statement review	X		X		X
Fund and employers compliance/TPR reporting		X		X	
Employer admission agreement policies					
Breaches policy/register/TPR reporting		X			
GDPR compliance					
Record keeping, data security, business recovery		X		X	
ABS process annual review		X			
GMP reconciliation (one off exercise)					
Discretions policies review					
Admin performance benchmarking		X		X	
Comms policy statement and website review					
Complaints policy, IDRP, PO cases review					
Workforce training & development					X

Pension Board Training Plan

Training Plan	Type of Training	Date planned / delivered
Induction Training for new members	Training Session	1 May 2020
National Knowledge Assessment	Online Assessment	1 May 2020
Investment Strategy Consultation	Training Session	29 July 2020
CIPFA Pension Board Seminar	Online seminar	29 & 30 Sept 2020
Governance & Administration Strategy Overview	Workshop	24 Sept 2020
Trustee Fundamentals	Online seminar	6/7/8 Oct 2020
Brunel Investor Days	Online seminar	18/19 Nov 2020
LGE Governance & Investment Update	Online seminar	26 Jan 2021
New Administration Strategy Development	Workshop	27 Jan 2021
CIPFA Pension Board Seminar	Online seminar	18 Feb 2021

Role of the pension board member

The role of the pension board member is to:

- ④ provide support and assistance to the administering authority
- ④ act as a critical friend, challenging constructively on issues where the board may have a concern
- ④ keep personal knowledge and skills up to date
- ④ identify gaps in their understanding and request training to fill those gaps
- ④ show a particular interest in the administration and governance of the pension scheme, especially KPIs
- ④ regularly monitor the quality of the pension members' experience
- ④ ask whether shortcomings or failures in the scheme's administration constitutes a breach of legislation, and should be reported to TPR
- ④ ask about the strength of employers' covenants
- ④ check whether the main decision making body or officer has taken proper advice and has undertaken adequate due diligence in considering the fund's asset allocation and wider investment matters
- ④ ask whether the investment performance of the fund is being adequately monitored (this applies to assets managed directly, through a direct relationship with an asset manager or via a pooling arrangement)
- ④ monitor the work of the SAB and its sub-committees, and also TPR.

Role of the pension board chair

The role of the pension board chair is to:

- ④ provide support and assistance to the administering authority
- ④ take a lead role in developing the forward plan of the board, working closely with the administering authority's officers
- ④ develop a good and close relationship with the administering authority's officers
- ④ take a lead role in developing a training plan for the board
- ④ prepare an annual report of the board's work in conjunction with the administering authority's officers
- ④ chair the meeting in a proactive way, encouraging board members to question in a constructive and disciplined way while allowing a free and open discussion
- ④ ensure the officers are given the opportunity to respond to the members' views and questions
- ④ seek opportunities to attend the main decision making committee or panel
- ④ work with the officers in regularly reviewing the board's terms of reference and membership
- ④ attain a good understanding of the pressures facing the administering authority, and advocate their case for adequate resources to provide an efficient service, thereby preventing or reducing administrative breaches of the law.

Knowledge and understanding required by pension board members

Legal requirements

A member of the pension board of a public service pension scheme must be conversant with:

- the rules of the scheme, and
- any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.

A member of a pension board must have knowledge and understanding of:

- the law relating to pensions, and
- any other matters which are prescribed in regulations.

The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the pension board.

It is recommended that LPB members complete TPR's Trustee Toolkit for the public sector, which covers:

Conflicts of interest

Managing risk and internal controls

Maintaining accurate member data

Maintaining member contributions

Providing information to members and others

Resolving internal disputes

Reporting breaches of the law

There are supplementary modules available to reflect the fact that the LGPS is the only large funded public sector scheme, including:

An introduction to investment

Investing in a defined benefit scheme

CIPFA's Housekeeping Checklist

1. Have the board's terms of reference recently been reviewed in the light of experience?
2. Are the terms of service of board members staggered to avoid the cliff-face scenario to which a pensions committee is unavoidably exposed?
3. Is the process for appointing new board members practical and speedy, or too time consuming? Are opportunities taken to identify potential future board members?
4. Is there a documented plan to bring new board members up to speed within an acceptable timescale? Is the training plan comprehensive and regularly reviewed?
5. Is there appropriate and regular contact between the chairs of the board and the committee?
6. Does the committee commission any work from the board, such as risk reviews, breaches log etc? If not, could this be considered?
7. Are the feedback mechanisms from board to committee in place, appropriate and effective?
8. Do investment issues have too high a profile on the agenda of the board?
9. Is there a timely process for identifying new risks?
10. Is TPR's Code of Practice 14 kept under regular review?
11. Has the pension fund failed to return any surveys issued by either TPR or the SAB? If so, are steps in place to ensure future surveys are completed? If not, non-completion itself could be flagging up issues to both bodies.
12. Does your fund have an outsourced or shared services arrangement for scheme administration? If so, have you seen and followed TPR's *Managing Service Providers* guidance?
13. If scheme administration is in-house, is there a reluctance to record, or perhaps more importantly, report any breaches caused either by the pensions team or by other departments of the administering authority, eg HR department?
14. Is there a similar reluctance to record and where appropriate report any breaches caused by other councils in the fund?
15. If you have reported any breaches, have you included plans and timescales for rectifying the situation and preventing its recurrence? Should future breaches require reporting, it's advisable simultaneously to include rectification plans.
16. Do you have a data improvement plan? Or currently planning to implement one? Are the desired outcomes, with appropriate resources, clearly identified (see TPR guidance)?
17. When cleansing data, is priority given to the records of those approaching retirement?
18. Is the information on your website regarding the board easily accessible, complete and up to date?
19. Has the board had oversight of the responsible investment policy of the fund? If not, is it in the work programme?
20. Does the fund have an administration strategy? If not, would it be helpful to introduce one?
21. Has the administering authority fully considered and concluded the issue of insurance cover for board members?

CIPFA's Recommended Annual Workplan

OPERATIONAL

- ④ Administration update (including KPI monitoring).
- ④ Pension fund statement of accounts.
- ④ Pension fund annual report.
- ④ Pension fund audit report.
- ④ Local pension board annual report.
- ④ Terms of reference and membership of the board.
- ④ Monitoring of investment performance and funding ratios.
- ④ Triennial and interim actuarial valuations and GAD reports.
- ④ Appointment of advisors.
- ④ Progress report on the arrangements for pooling.
- ④ Risk register.
- ④ Board's training plan.
- ④ Review of the fund's business plan and forward plan.
- ④ Board's work plan.
- ④ Update on the work of the SAB.
- ④ Changes to the scheme's regulations.

STRATEGIC

- ④ Investment strategy: oversight.
- ④ Administration strategy.
- ④ Risk management strategy.
- ④ ESG strategy: oversight.
- ④ Breaches of law policy.
- ④ Review of the fund's governance.
- ④ Administering authority's discretions policy.
- ④ Member communication's strategy.
- ④ Conflicts of interest policy.
- ④ Annual review of the board's terms of reference.