

APPENDIX 7

(to Pension Fund Administration report)

COMMITTEE SUMMARY PERFORMANCE REPORT

This is the fourth report on the performance of Fund employers and the Avon Pension Fund staff following the Pensions Administration Strategy coming into effect on 1st April 2011.

Included in the Report are the following:

1. Graphs for each of the **largest employers* (viz. 4 unitaries) showing performance** on processing leavers (**retirements and deferred**). (Annexes 1 & 2) for the period 1 April 2011 to 30th September 2012
2. Report of late payers of **pension contributions** (employers)
3. Report on employers still to return some or all of their 2012 **Year-end information**

** Smaller Employers: Performance of the remaining employers is not included in this report this time. This is a difficult area as in many cases there is little or no movement in membership and where for example there is only one leaver in the period their performance will either be 0% or 100% which is not very helpful information. The best way to report their performance is therefore being investigated and the intention is to include information in future reports to Committee.*

Any particular smaller employer's performance against target where there is cause for concern will be specifically reported to the Committee. **None are reported** in this period other than the 3 employers who have not yet completed their year-end return of pensions information (see *item 3*)

1. Performance on processing leavers

Graphs for each of the largest employers *(viz. 4 unitaries) showing their and APF performance on processing leavers (**Retirements and Deferred**). (See Annexes 1) & 2) attached) during the period 1 April 2011 and 31 October 2012

Deferreds Graph- Annex 2 (IMPORTANT explanatory note)

The graph showing performance figures for employers needs some explanation to put the information into context.

Some employers' performance shows as poor and in some cases getting worse. The reason for this is that the standard measure for performance is 20 working days from date of leaving and failure to meet this target adversely affects the figures shown.

Reconciliation of the information sent by employers in their 2011 year-end return revealed that some of the employers had not sent leavers forms to APF for leavers during 2011/12 or even earlier. Employers have now started to send these forms in to remedy their earlier missions and the figures on which the attached statistics are based **will include these late notifications** which, will have resulted in bringing down the number achieved within target and for some employers significantly adversely affected the employer's achievement against meeting the standard 20 days target. **Once these older "backlog" cases are cleared we expect to see the employer performance figures improve.**

The introduction of *i-Connect* software from early next year with automatic updating of information and the production of monthly employee movement reports by employer payrolls will allow APF to pick up on leavers much more quickly than at present and press employers to send leaver information more expediently avoiding or at least reducing late notifications and improving overall performance and the service APF can give to Scheme members.

Processing of older cases should be seen in context and appreciated for the effect it will have. The clearance of older non-reported cases will of course significantly improve the quality of member data held on which the forthcoming actuarial valuation will be based. It is a key component of the valuation and will have a significant effect on employers' pension costs. Inclusion of members as active will result in the actuary including the built up of future pension benefits and resulting in unnecessary and incorrect employer costs. The removal of members who have left the scheme is therefore very important and in the employers interests.

2. Late payers of Pension contributions

Late payment of contributions due in 3 months to 31 October 2012.

This report gives details of all payments (now paid or still outstanding) during the period, that relate to employers whose total aggregate late days during the period exceeded nine and whose value of one month's contributions exceeded £3,000. Late payments are not netted down by early payments. The report does not include new employers making their first payments who may experience delays in setting up their systems.

	<u>Payroll month</u>	<u>Days late</u>	<u>Payment £</u>
Bristol City Council	August 2012	51 to 31/10/12	£111,444 estimate
Bristol City Council	September 2012	21 to 31/10/12	£111,444 estimate

It should be noted that on average Bristol City Council pay £3 million per month in contributions on time. The late payments relate to the contributions from Bristol City Council's Local Authority schools (**not academies**) that have outsourced their payroll provision. A system for administering these contributions was agreed with Bristol City Council and used successfully up to July 2012. However in August a significant increase in the number of schools involved caused some disruption to the system within Bristol City Council. We have worked closely with Bristol City Council and these problems have now been addressed. We will charge interest on these contributions in accordance with the 2008 regulations.

Summary of contributions received in the period and percentage late

Total number of employers = 168

Total contributions received in period = £33,892,000

Total late contributions = £231,352 (0.68% of total contributions in period)

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 2008 regulations.

3. 2012 Year-end information overdue returns due from Employers

Returns of information from all Scheme employers for the Scheme year 2011/12 were due to be sent to APF by the end of April 2012. The last report to Committee included the names of 17 employers that were still to send their returns at that time. This position has improved and only 3 employers have still to send in their returns of either the required contribution and/or salary information. These employers are:

- Liberata (*45 active members*)
- Mangotsfield Parish Council (*2 active members*)
- Southern Brooks (*5 active members*)

This represents less than 2% of employers representing 0.15% of overall Scheme membership. Officers are continuing to chase the delivery of this information from these three defaulting employers.