

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE
MEETING DATE:	25 SEPTEMBER 2015
TITLE:	PENSION FUND ADMINISTRATION (1) SUMMARY PERFORMANCE REPORT to 30 September 2015 (2) PERFORMANCE INDICATORS 3 MONTHS TO 30 September 2015 (3) TPR COMPLIANCE
WARD:	ALL

AN OPEN PUBLIC ITEM

List of attachments to this report:-

Appendix 1	Employer/APF - scheme leaver performance report to 30 Sept 2015
Appendix 2	Active membership statistics over 12 months to 30 Sept 2015
Appendix 3	Joiners & leavers statistics over 12 months to 30 Sept 2015
Appendix 4	Late payers report – up to 30 Sept 2015
Appendix 5	Balanced Scorecard : KPI's - 3 months to 30 September 2015
Appendix 5A	Annex 1 & 2 Admin case workload status as at 30 Sept 2015
Appendix 6	Customer satisfaction – Feedback in the 3 months to 30 Sept 2015
Appendix 7	IDRP Schedule
Appendix 8	TPR – Data Improvement Plan – to 31 October 2015
Appendix 9	Risk Register

1 THE ISSUE

- 1.1 The purpose of this report is to inform Committee of Performance Indicators and Customer Satisfaction feedback for 3 months to 30 September 2015 and Summary Performance Reports on Employer and APF performance over 4 years to 30 September 2015 as well as the Risk Register.
- 1.2 Further to the introduction of The Pension Regulator (TPR) Code of Practise 14 and The Public Service Pensions (Record Keeping & Miscellaneous Amendments) Regulations 2014 this report includes progress on the Data Improvement Plan plus level of employer compliance.

2 RECOMMENDATION

That the Committee notes:

- 2.1 Summary Performance Report to 30 September 2015.
- 2.2 Performance Indicators & Customer Satisfaction feedback for 3 months to 30 Sept 2015.
- 2.3 Progress on the Data Improvement Plan
- 2.4 Risk Register

3. Employer Performance

- 3.1 As part of the Pensions Administration Strategy which came into effect in April 2011 a **Performance Report** is sent monthly to each of the four unitary authorities to report on their own and APF's administration performance against agreed targets set in the SLA.
- 3.2 A summary report to the Committee is a requirement of the Pensions Administration Strategy. The Report for the period to 30 September 2015 is included as **Appendix 1. (Annex 1,2 &3)**
- 3.3 The Report discloses any poor performing employers which need to improve. It is important that the Committee are made aware of these going forward and the steps taken to assist these employers in improving their performance to avoid the imposition of additional charges
- 3.4 Bar charts for APF and each of the four Unitary Authorities and collectively 'Other' employers reporting an event during the period. Performance against retirements and early leavers is measured against agreed SLA targets. **Annex 1** shows achievement within target over the current quartile. **Annexes 2 and 3** are comparator reports over the previous 4 year period. It should be noted that for the current year reports for are currently reflecting targets set under the previous SLA (April 2011) and do not take into consideration the increased allowance incorporated in the revised SLA (June 2015) reflecting the complexities of the new CARE scheme arrangements. Revised reports will be available at the next committee.
- 3.5 Implementation of the Task Project will result in quality and completeness checks of leaver forms on day of receipt. This will enable better recording of data on employer performance, enabling more targeted support & training for employers to submit complete & accurate data first time. The project will be implemented on 1st January 2016. The first report to Committee will be in June 2016.

4. Trends in Membership/Joiners & Leavers

- 4.1 Active Membership figures in graph format are included as a standard item for Committee meetings to monitor the trend in member movements at this volatile time when higher than normal level of 1) redundancies and 2) potential opt-outs by members concerned about scheme changes.
- 4.2 The active membership statistics are shown in graph format in **Appendix 2** and the numbers of joiners and leavers feeding into this also in graph format in **Appendix 3**. The increase in membership over the twelve months to 30th September reflects an increase in in the number of part-time workers and workers with multiple employment posts. A more detailed breakdown of active membership type will be included in future committee reports.
- 4.3 The Committee will be kept informed of the on-going changes and the effect it is having on Scheme membership. In the event that the funding position of the Scheme is significantly affected this will also be reported.

5. Late Payers Report

- 5.1 The Fund is required to monitor the receipt of contributions and report materially significant late payments to the Pensions Regulator.
- 5.2 The Fund maintains a record of all late payments, showing the days late, the amount of payment and reason for delay and whether the amount is of significance.

Appendix 4 reports late payers in the 3 month period to 30th September 2015. There were no materially significant late payments in the current reporting period.

6. Year End Data Receipt & Provision of Annual Benefit Statements

6.1 The Year End (YE) process requires all employers within the scheme to submit member data for the Fund year ending 31 March. Timely and accurate completion of the YE process is a regulatory requirement. The data is used to:

- to provide members them with their Annual Benefit Statement by 31 August
- to notify members if they exceed the HMRC Annual Allowance by 5 October
- for the build-up of members' pension accounts
- by the Actuary to calculate your future employer contribution rates

6.2 For 2015 employers needed to supply more information than previously due to the introduction of the CARE scheme in 2014.

6.3 The Fund provided employer support throughout the process, holding four employer training sessions during Jan/Feb 2015 and factsheets and Q&A information were posted on the employers' website.

6.4 As a result of the YE process:

- 70,000 + Annual Benefit Statements (ABS) sent out for active and deferred members)
- 99.7% of ABS went out by 31 August deadline
- Only 105 members did not receive a statement (due to no YE information being received from 9 employers)
- However, 117 employers missed YE deadlines

6.5 Penalties will be charged to employers for failure to meet advertised criteria for the correct and timely supply of data and these are outlined below. The Fund is currently in the process of contacting the CEO/FD's of those employers who failed to meet the agreed deadline and the reason for the penalty charge.

Criteria	Penalty charge	No of employers failed	£ total per criteria
Late or no return of data	£250	60	£15,000
Incorrect data format	£250	32	£8,000
Data with more than 10% errors	£250	74	£18,500
Chased on more than 3 occasions for data	£250	3	£750
Failed on more than one criteria		46	£42,500 total

7. Avon Pension Fund – Administration Performance

Balanced Scorecard detailing Key Performance Indicators for the 3 Months to 30th September 2015

- 7.1 The information provided in this report is based on the Avon Pension Fund's Service Level Agreement which falls in line with the industry standards set out by the LGPC & used in CIPFA benchmarking. All standards fall within the regulatory standards set out in The Occupational & Personal Pension Schemes (Disclosure of Information) Regulations 2015 which require provision of information to members.
- 7.2 Full details of *performance against target*, in tabular and graph format, are shown in **Appendix 5**. All reports are being reviewed as part of the Task Workflow Project and it is expected that new and updated versions will be available for approval by the Committee in March 2016.

8. Admin Case Workload

- 8.1 The level of work outstanding from tasks set up in the period (Item C4 and graphs 4-6 of **Appendix 5**) in the 3 month period is reported in **Appendix 5A** by showing what *percentage* of the work is outstanding. As a snapshot, at 30 September 2015 there were 3428 cases outstanding of which 31% represents actual workable cases and 69% represents cases that are part complete, pending a third party response. All reports are being reviewed as part of the Task Workflow Project and it is expected that new and updated versions will be available for approval by the Committee in June 2016.

9. CUSTOMER SATISFACTION FEEDBACK IN 3 MONTHS TO 30 September 2015 - Retirements

- 9.1 **Appendix 6** reports on the customer satisfaction based on 135 questionnaires returned from members retiring from both active and deferred status (out of a total of 326 questionnaires issued in respect of the reporting period). 95% of deferred members rated the service as good or excellent, with 77% of actives rating the service as good or excellent.

10. IDRП Report

10.1 Under the LGPS Regulations there is the provision that Scheme Members can exercise a right of appeal for any disagreement that cannot be resolved.

This is done under an IDRП. Due to a personnel change and with the introduction of TPR guidelines within its code of practice, a review of the administration procedure is included separately under Agenda Item 15. The table in **Appendix 7** shows the cases going through at the present time.

11. The Pensions Regulator - Data Improvement Plan

11.1 Initial testing as at 1 August 2015 of core data, against TPR's requirement of 100% completeness of data, identified 8887 queries, equating to 99.13% completeness of data. The first update to the data improvement plan reports 932 queries resolved with 886 new queries identified. A summary of the improvement plan is shown below with a comprehensive breakdown attached in **Appendix 8**.

Data type	Cases brought forward	New cases in period	Completed in period	Outstanding	Completeness of date as % of membership
Actives	3278	875	805	3348	99.39%
Deferreds	5143	1	62	5082	98.71%
Pensioners	359	10	30	339	99.80%
Dependants	107	0	35	72	99.73%
Total	8887	886	932	8841	99.41%

11.2 Data improvement reports will be updated on a monthly basis and reported to Committee quarterly. Reports will be developed to demonstrate work undertaken on the correction of historic cases already identified and new cases identified during each reporting period.

12 RISK REGISTER

12.1 The Risk Register follows the Council's format for each service. It 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. Risks identified cannot be eliminated but can be treated via monitoring.

12.2 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

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

12.4 The Fund reviews all risks annually and the top 10 risks and changes quarterly. The Register has been updated this quarter to reflect risk to the investment strategy from the implementation of MIFID II; a low risk given the potential to elect up to professional client status. Pooling of investments has previously been identified as a risk in the register.

12.5 The top 10 risks, including their likelihood, financial impact and mitigating actions are set out in **Appendix 9**.

13 RISK MANAGEMENT

13.1 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.

14 EQUALITIES

14.1 No items in this Report give rise to the need to have an equalities impact assessment.

15 CONSULTATION

15.1 None appropriate.

16 ISSUES TO CONSIDER IN REACHING THE DECISION

16.1 There are no other issues to consider not mentioned in this Report.

17 ADVICE SOUGHT

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

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