

## Bath & North East Somerset Council

MEETING:	<b>AVON PENSION FUND COMMITTEE</b>
MEETING DATE:	<b>24 June 2016</b>
TITLE:	<b>PENSION FUND ADMINISTRATION</b> <b>(1) SUMMARY PERFORMANCE REPORT to 30 April 2016</b> <b>(2) PERFORMANCE INDICATORS - 3 MONTHS TO 30 April 2016</b> <b>(3) TPR COMPLIANCE</b>
WARD:	<b>ALL</b>

### AN OPEN PUBLIC ITEM

#### List of attachments to this report:-

Appendix 1	Employer/APF - scheme leaver performance report to 30 April 2016
Appendix 2	Active membership statistics over 12 months to 30 April 2016
Appendix 3	Joiners & leavers statistics over 12 months to 30 April 2016
Appendix 3A & 3B	Active members demographic as at 30 April 2016
Appendix 4	Late payers report – up to 31 March 2016
Appendix 5	Balanced Scorecard : KPI's - 3 months to 30 April 2016
Appendix 5A	Annex 1 & 2 Admin case workload status as at 30 April 2016
Appendix 6	Customer satisfaction – Feedback in the 3 months to 30 April 2016
Appendix 7	IDRP Schedule
Appendix 8	TPR – Data Improvement Plan – to 30 April 2016
Appendix 9	Risk Register – Top 10 Risks
Appendix 10	Data Protection – Breach Report

## 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 April 2016 and Summary Performance Reports on Employer and APF performance over 4 years to 30 April 2016 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 also 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 April 2016.
- 2.2 Performance Indicators & Customer Satisfaction feedback for 3 months to 30 April 2016
- 2.3 Progress on the Data Improvement Plan
- 2.4 Risk Register Top 10 risks

### 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 April 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 Separate bar charts are displayed 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 Pensions Admin Strategy (June 2015) reflecting the complexities of the new CARE scheme arrangements. Revised performance reports will be available at the September Pensions Committee following completion of phases 1 and 2 of the Task Workflow project.
- 3.5 **TASK WORKFLOW**
- 3.6 A new member leaver form checking process has been introduced from March which will immediately flag employer data submission errors and omissions. It also addresses any issues at point of receipt enabling a prompt communication back with employers where necessary.
- 3.7 During the period 1<sup>st</sup> March to 30<sup>th</sup> April a total of 1623 leaver forms have been received with an average error rate of 35.6%. Reporting on types of errors and by employer is now possible. This will enable the Fund to analyse the data and work with employers to improve the quality of their leaver forms.
- 3.8 So far the biggest percentage of errors is from incorrect pay calculations and employers submitting blank leaver forms via Employer Self Service.
- 3.9 From feedback received from employers so far, the leaver form is being reviewed to improve the layout and provide more guidance notes for employers. Although a training course is already in place to teach employers how to submit leaver forms via ESS, the course is being reviewed to take employers through the leaver form in more detail and will include intensive training on pay calculations. Where necessary training at employer sites will also be offered.
- 3.10 From the data it has also been identified that some employers who have been trained to use ESS are still sending leaver forms via paper and this will be addressed with employers.

### 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 continued volatile time when higher than normal level of 1) redundancies and 2) potential opt-outs by members concerned about scheme changes and affordability.

- 4.2 The Committee will be kept informed of the ongoing changes and the effect it is having on LGPS membership. In the event that the funding position of the Scheme is significantly affected this will also be reported.
- 4.3 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 30<sup>th</sup> April reflects an increase in the number of part-time workers and workers with multiple employment posts. **Appendix 3A & 3B** provides a detailed breakdown of employer/member ratio and split between whole time and part-time membership as well as a snapshot of individual employer and member make up. The increasing number of new smaller employers to the Fund as part of the fragmentation of the employer base (newly created Academies and Transferee Admitted Bodies) has a direct impact on the administration workload with increased movement between employers, especially within the education sector. Continued development of data reporting going forward will enable further understanding of the demographic nature of employer type and associated member make up as employers continue to evolve.

## 5. 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.
- 5.3 **Appendix 4** reports late payers in the 3 month period to 31<sup>st</sup> March 2015. None of the late payments during this period are considered to be a material breach and consequently they will not be reported to the Pensions Regulator at this time. The fund considers a material breach to be the product of repeated breaches. A single breach will only be considered material if it is deliberate or there is dishonesty or there is no expectation that it will be corrected.

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

- 6.1 The Year End (YE) process is a statutory requirement for employers to provide the Fund with membership data. The data is used to provide members with their Annual Benefit Statement by the statutory deadline of 31<sup>st</sup> August and used by the Fund Actuary as part of the Tri-annual valuation process, which determines individual employer contribution rates.
- 6.2 The process began in November with initial communication to all employers reminding them about the process and their responsibilities. Four YE training sessions were held in January, February and March – these were well attended. These were supplemented by information factsheets, FAQs and website content. To assist employers APF produced specific data spreadsheets of their membership data that is held on our system. This was sent to employers in January. They were then asked to review and update if required. On 1 April a final updated spreadsheet was sent to employers, with a deadline of 30 April to return it with completed payroll information. As of 30 April deadline 11 employers, from the 240+ employer base had not submitted their data.
- 6.3 A period of data cleansing is now underway. Significant dates are 30 June, for the YE data to be submitted to the Fund's Actuary, Mercers for the Triennial Valuation

and 31 August for all active and deferred members to receive their Annual Benefit Statement. This year APF is also providing statements for the Avon Fire Service. Currently the Fund is on track to fulfil these requirements.

#### 6.4 Breaches

6.5 As required under TPR Code of Practice No. 14 the Fund has implemented an approved Breaches Policy. Employers who have failed to meet set deadlines for the submission of data or for incomplete/incorrect data will be subject to further action under the policy. A detailed report will be included in the next paper to LPB and Pensions Committee

#### 6.6 Data Protection

6.7 Unfortunately, during the year end process there was a breach of data protection caused by the Fund administration and resulting in membership data from one scheme employer being made available to another scheme employer. Details of the breach have been reported in accordance with council guidance and the approved breaches policy.

6.8 The determination of the councils Information Governance officer and that of Head of Pensions was that the breach should be considered as a non-material breach by the admin authority. As such the breach has been recorded by the Pensions Manager and improvement actions agreed with Head of Pensions to mitigate further occurrences. A report into the Data Protection Breach is attached as **Appendix 10**

### 7. Avon Pension Fund – Administration Performance

#### 7.1 Balanced Scorecard detailing Key Performance Indicators for the 3 Months to 30<sup>th</sup> April 2016

7.2 The information provided in this report is based on the Avon Pension Fund's Service Level Agreement which falls in line with the industry standards set out by the LGPC & used in CIPFA benchmarking. All standards fall within the regulatory guidelines set out in The Occupational & Personal Pension Schemes (Disclosure of Information) Regulations 2015 which require provision of information to members.

7.3 Full details of *performance against target*, in tabular and graph format, are shown in **Appendix 5**. Reports are currently 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 either September or December 2016.

### 8. Admin Case Workload

8.1 The level of work outstanding from tasks set up in the period (Item C4 and associated annex 1 & 2) in the 3 month period is reported in **Appendix 5A** by showing what *percentage* of the work is outstanding. As a snapshot, at 30 April 2016 there were 5220 cases outstanding of which 44.06% represents actual workable cases and 55.94% represents cases that are part complete, pending a third party response. This represents an overall increase of 720 cases outstanding compared with the previous quarter and can be attributed in the main by the increase in data cleansing/member leaver notifications as a result of the year end exercise.

### 9. CUSTOMER SATISFACTION FEEDBACK IN 3 MONTHS TO 30<sup>th</sup> April 2016

9.1 **Appendix 6** reports on the customer satisfaction based on 21 questionnaires returned from members retiring from both active and deferred status (out of a total of

212 questionnaires issued in respect of the reporting period). 100% of deferred members rated the service as good or excellent, with 82% of actives rating the service as good or excellent.

9.2 In March the APF re-launched its member website, with an online customer service questionnaire for recent retirees. Therefore the next reporting period will begin to reflect the online survey results as the 'paper' format' is phased out.

## 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. The table in **Appendix 7** shows the cases going through at the present time.

## 11. The Pensions Regulator Data Improvement Plan

11.1 Summary of Data Improvement Plan Data as at 30<sup>th</sup> April 2016 is shown below with a comprehensive breakdown attached in **Appendix 8**

### Summary of Data Improvement Plan Data as at 30 April 2016

Data type	Cases brought forward	New cases in period	Completed in period	Outstanding	Completeness of date as % of membership
Actives	2365	233	1014	1584	99.51%
Deferred	4673	365	276	4762	98.86%
Pensioners	292	4	120	176	99.83%
Dependants	67	9	8	68	99.74%
<b>Total</b>	<b>7397</b>	<b>611</b>	<b>1418</b>	<b>6590</b>	<b>99.49%</b>

11.2 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. There has been a net reduction of 807 queries over the last quarter.

11.3 Over a 1000 errors have been corrected for active members over the period after a good response from employers resolving queries as part of their year end preparation, particularly in respect of starters and leavers from the year end exercise 2015/16. Work has also continued to trace deferred and pensioner members with missing addresses.

11.4 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 with the latest review in May 2016. A new risk specifically for the Brunel Pension Partnership was added. The main risks are that the proposal is rejected by government; that not all the funds approve the proposal; that the work delivering the proposal is delayed; that key resource is unavailable. These risks are mitigated by

- (i) BPP has its own risk register
- (ii) Shadow governance structure has been established to ensure engagement with all stakeholders
- (iii) Expert advice has been commissioned to assist in developing the proposal
- (iv) The workplan has detailed work streams which is managed and co-ordinated by a dedicated project manager
- (v) The Investments Team has added resources to support through team through the project.

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.

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