Bath & North East Somerset Council	
MEETING:	**LOCAL PENSION BOARD**
MEETING DATE:	**16 February 2017**
TITLE:	**PENSION FUND ADMINISTRATION – COMPLIANCE REPORT** **(1) SUMMARY PERFORMANCE REPORT TO 31 DECEMBER 2016** **(2) PERFORMANCE INDICATIORS TO 31 DECEMBER 2016** **(3) TPR COMPLIANCE**
WARD:	**ALL**
AN OPEN PUBLIC ITEM	

List of attachments to this report:

Appendix 1 – Membership data

Appendix 2 – KPIs and Caseloads

Appendix 3 – Employer Performance

Appendix 4 – TPR Data Improvement Plan

Appendix 5 – Late Payers – as at 30 November 2016

Appendix 6 - Retirement customer service questionnaire results

1   THE ISSUE

1.1 The purpose of this report is to inform the Pension Board of performance figures for Fund Administration for the three months to 31 December 2016.

1.2 Further to the introduction of The Pension Regulator (TPR) Code of Practice 14 and The Public Service Pensions (Record Keeping & Miscellaneous Amendments) Regulations 2014, this report includes progress on the TPR Data Improvement Plan and levels of employer compliance.

2   RECOMMENDATION

The Board is asked to note:

2.1 Membership data, Employer Performance and Avon Pension Fund Performance for the 3 months to 31 December 2016

2.2 Progress and reviews of the TPR Data Improvement Plan

3   FINANCIAL IMPLICATIONS

3.1 There are no direct implications related to this report as it is an information report.

4   MEMBERSHIP TRENDS

4.1 Appendix 1 provides a detailed breakdown of employer/member ratio and split between whole time and multiple employment membership as well as a snapshot of individual employer and member make up. The increasing number of new smaller employers to the Fund as part of the fragmentation of the employer base (newly created Academies 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

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 5 reports late payers in the period to 30 November 2016. 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.

6   EMPLOYER PERFORMANCE

6.1 The leaver form checking process continues, immediately flagging employer data submission errors and omissions. It also addresses any issues at point of receipt enabling a prompt communication back with employers where necessary.

6.2 During the period from 1 October to 31 December a total of 2,277 leaver forms were received with an average error rate of 27.75%. Reporting on types of errors and by employer is now possible. This has enabled the Fund to analyse the data and work with employers to improve the quality of their leaver forms.

6.3 For this period the biggest percentage of errors is from incorrect pay calculations and National Insurance / Pension Contribution figures.

6.4 The programme of training courses continues to guide employers through the leaver form in more detail and includes comprehensive training on pay calculations.

6.5 Following the completion of the Task Workflow project employer performance can now be accurately reported for submission of leaver data in accordance with Service Level Agreements. Data will be reviewed with Unitary Authorities as part of the regular review meetings.

6.6 With the introduction of the new Employer Relations Team poorly performing employers will be targeted for additional training and site visits. Once the Team is fully staffed a comprehensive review of performance and a training plan will be put together and submitted to the Committee and Pension Board.

7   AVON PENSION FUND ADMINISTRATION PERFORMANCE

7.1 Key Performance Indicators for the 3 months to 31 December 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 2.

7.4 Following completion in November 2016 of the strategic project to overhaul Task Workflow a new suite of report extracts have been written and introduced to measure SLA standards for processing administration tasks. At the same time new RAG reporting standards have been set, replacing those previously in use which were deemed inconsistent. The new reports have flagged a high proportion of internal performance as being below standard. This can be evidenced by limited workforce availability and high volume of workload during the reporting period. Work targets are being set to improve performance over the coming months and the appointment of additional officers following the administration restructure should reflect an improvement of KPI's in future reports. For the purpose of this report the KPI's based on the previous RAG scale have been included for comparison.

7.5 Admin Case Workload

7.6 The level of work outstanding from tasks set up in the 3 month period is reported in Appendix 2 Annex 1 & 2 by showing what percentage of the work is outstanding. As a snapshot, at 31 December 2016 there were 6,067 cases outstanding of which 77% represents actual workable cases and 23% represents cases that are part complete, pending a third party response.

7.7 The increase in workable cases is due to a combination of events:

- The checking of leaver forms continues on the Member Services Team meaning that the Team have less resource available to work on other outstanding cases.

- Following the restructure the Member Services Team have 1x vacant post at Senior Pension Officer, 3x at Pension Officer and 1x at Assistant Pension Officer level. 2x Pension Officer posts are currently filled by temporary appointments, pending recruitment of permanent staff due to take place over the next couple of months.

- The volume of incoming work has remained high and is expected to increase further following the issue of member lists to all employers requesting they cleanse their data for this year end and send outstanding starter and leaver information.

- The overall outstanding cases remains high due to app 2,000 linking tasks set up in September 2016. A process for dealing with all new linking cases

has been rolled out to the Member Services Team and a monthly report will now be run to pick up new cases. The 2,000 cases include the remaining backlog of cases built up between April 2014 and September 2016 which were not cleared as part of the project. Heywood only updated Altair to allow correct processing of these cases in May 2016.

- A project has started to reduce the number of cases held at 'reply due' stage. As at the end of June 2016, 2,900 cases were at 'reply due'. At the end of September this had reduced to 1,767 cases. At the end of December it reduced further to 1,367. Although the project has ceased following the restructure the new Task Workflow system incorporates chasing as part of the everyday process and so reply dues should remain constant or reduce further.

7.8 Performance reports have been reviewed as part of the Task Workflow Project which concluded on 4th November 2016 and are included in this report. The ongoing maintenance of the workflows and procedures will form part of the new Quality Assurance Team following the re-structure.

8   BREACHES

8.1 Year End 2015/16 employer breaches

8.2 Of the 31 employers who breached the data queries exceeding 10% of membership levels set by the APF 29 have undertaken the bespoke training workshop to improve performance. Data Improvement Plans have been issued to all of them asking for their commitment to improve their data at this Year End. The penalty fine (£250) has been issued to the remaining employers who did not attend the training together with notification that they will be reported to TPR if continue to breach TPR Code. The breaches control spreadsheet has been updated according to the employer's response. All fined employers will be closely monitored during the year end process to ensure they are meeting the requirements of their Data Improvement Plan.

8.3 The above breaches are not considered material breaches. They will be reported to the Pensions Board and Pensions Committee, but are not considered of a significant nature to be reported to the Pensions Regulator. However the possibility of reporting employers to The Pension Regulator was explained at the training sessions.

8.4 The number of breaches for 2015/16 was significantly lower than previous years, indicating that promotion to all employers of their Year End responsibilities, the breaches policy, potential penalty fines as well as training opportunities and support from APF are proving effective.

9   CUSTOMER FEEDBACK – RETIREMENT QUESTIONNAIRE

9.1 Following the launch of the online questionnaire for recent retirees, we have had a small number of responses (19), allowing us to report initial levels of customer satisfaction with the APF to 31 December 2016.

9.2 Appendix 6 highlights the responses. In summary, 72% of respondents indicated that they were very satisfied (55%) or fairly satisfied (17%) with service they received from the Avon Pension Fund.

9.3 We are continuing to explore ways to gather more customer feedback and will report back to the Board on progress.

10 TPR DATA IMPROVEMENT PLAN

10.1   A summary of the Data Improvement Plan as at 31 December 2016 is shown below with a comprehensive breakdown attached in Appendix 4 together with an overview of overall progress made on the Data Improvement Plan since it was set up in September 2015.

Data type	Cases brought forward	New cases	Completed	Outstanding	Completeness as % of membership
Actives	1,677	258	618	1,317	99.725%
Deferreds	4,642	362	230	4,774	98.838%
Pensioners	96	5	19	82	99.958%
Dependants	11	23	12	53	99.828%
Total	**6,426**	**648**	**879**	**6,226**	**99.59%**

10.2   The Year End process for 2016/17 has now started with a membership list and details of outstanding TPR queries being sent to all employers at the end of January with a request to cross check data and send any outstanding starters, leavers & other data by mid-March so that records can be updated before the Year End data requests are made to all employers by 1 April. Work is still continuing with BANES and North Somerset councils to resolve all queries before the end of the year and before they resume data provision via IConnect.

10.3   The Pension Payroll Team has considerably reduced the queries in respect of out of date addresses. So far searches for missing addresses have been mainly on an individual basis using Tracesmart (Lexis Nexis) and therefore progress has been slow. In order to reduce the missing addresses for deferred members a bulk request of 100 addresses a time will be made using Accurate Data Services Ltd (Heirtrace).

11 TPR DATA IMPROVEMENT PLAN - REVIEW

11.1   The data improvement plan was set up in September 2015. The initial queries that required investigation are set out in the table below, together with a summary of all new cases identified and cases completed during the period 31 July 2015 to 31 December 2016. The final column is the current outstanding queries.

Data	Cases as at 31 July 2015	New cases in period	Completed cases in period	Current outstanding
Actives				
Addresses	664	336	647	353
Other	1,821	452	1,811	462
Deferreds				
Addresses	5,948	1,209	3,047	4,110
Other	77	4	77	4
Pensioners				
Addresses	344	22	288	78
Other	15	11	22	4
Dependants				
Addresses	59	5	33	31
Other	48	43	69	22
Historic Refunds	912	0	252	660
Leaver Forms missing	304	1,711	1,566	449
Starters missing	169	399	515	53
Total	**10,361**	**4,192**	**8,327**	**6,226**

11.2   The main priorities of the initial improvement plan aimed to clear all active member data queries, all deferred addresses for members over the age of 55 and clear all historic refunds.

11.3   The table shows that if no new queries had been identified the target would have been achieved for active members.

11.4   Good progress has been made clearing deferred addresses. The main focus has been on tracing members over 55. At the beginning of the plan there were 833 addresses for members over the age of 55. There are still 540 to resolve although traces have been tried using Tracesmart and are now either with Heirtrace or due to be sent to Heirtrace for further investigation.

11.5   The main resource for resolving TPR queries is currently on long term sickness so there has been a slowing of resolving queries particularly for deferred addresses and tracing addresses for historic refund cases.

11.6   Once the Employer Services (Data Control) Team is fully staffed resource will be put into tracing more members and the use of Heirtrace to trace members in bulk will also be increased.

11.7   A revised Data Improvement Plan will be submitted to the next Committee/Board meeting.

12 EQUALITIES

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

13 CONSULTATION

13.1   None appropriate

14 ISSUES TO CONSIDER IN REACHING THE DECISION(S)

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

15 ADVICE SOUGHT

15.1   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, Pensions Manager Tel: 01225 395277
Background papers	Various statistical documents
Please contact the report author if you need to access this report in an alternative format	