

Bath & North East Somerset Council	
MEETING:	AVON PENSION FUND COMMITTEE
MEETING DATE:	23 JUNE 2017
TITLE:	PENSION FUND ADMINISTRATION (1) SUMMARY PERFORMANCE REPORT TO 31 MARCH 2017 (2) PERFORMANCE INDICATORS TO 31 MARCH 2017 (3) TPR COMPLIANCE
WARD:	ALL
AN OPEN PUBLIC ITEM	
<p>List of attachments to this report:</p> <p>Appendix 1 – Membership data</p> <p>Appendix 2 – KPIs and Caseloads</p> <p>Appendix 3 – Employer Performance</p> <p>Appendix 4 – TPR Data Improvement Plan</p> <p>Appendix 5 – Late Payers – January to March 2017 contributions</p> <p>Appendix 6 - Retirement customer service questionnaire results</p> <p>Appendix 7 – IDRP Current Cases</p> <p>Appendix 8 – Risk Register Top 10</p>	

1 THE ISSUE

- 1.1 The purpose of this report is to inform the Committee of performance figures for Fund Administration for the three months to 31 March 2017.
- 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 Committee is asked to note:

- 2.1 Membership data, Employer Performance and Avon Pension Fund Performance for the 3 months to 31 March 2017.
- 2.2 Progress and reviews of the TPR Data Improvement Plan.

3 MEMBERSHIP TRENDS

- 3.1 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.

4 LATE PAYERS

- 4.1 The Fund is required to monitor the receipt of contributions and report materially significant late payments to the Pensions Regulator.
- 4.2 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.
- 4.3 Appendix 5 reports late payers in the period to 31 March 2017. 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.

5 EMPLOYER PERFORMANCE

- 5.1 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.
- 5.2 During the period from 1 January to 31 March a total of 1,768 leaver forms were received with an average error rate of 33.10%. This is a disappointing result considering the amount of work that has been put into employer engagement and training.

5.3 Sample of errors for March Leaver Forms

Employer	Leaver Forms Received	Number in Error	%
BANES Council	91	30	33
Bristol Council	137	34	25
North Som Council	72	17	23
South Glos Council	90	18	20
Academies	178	96	54
Further Education	177	59	33
Other	40	22	55

5.4 A review has now started to cover the following areas:

- (1) Review of the leaver form process to see if efficiencies can be made in terms of processes for APF and ease of completion for the employer
- (2) Analysing the data from Year End, TPR and Leaver forms with the aim of targeting poorly performing employers and setting up Data Improvement Plans. More information will be available for the next meeting
- (3) A series of employer forums has been arranged and it is planned to seek employer feedback on training and support provision by APF.

6 AVON PENSION FUND ADMINISTRATION PERFORMANCE

6.1 Key Performance Indicators for the 3 months to 31 March 2017

6.2 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.

6.3 Full details of performance against target, in tabular and graph format, are shown in Appendix 2.

6.4 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. A further enhancement is being made to the report to show the spread of performance over various time scales eg 5 to 10 days, 11 to 15 days etc, which will provide more meaningful data. This will be available from the autumn onwards.

6.5 Admin Case Workload

6.6 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 March 2017 there were 7,728 cases outstanding of which 72% represents actual workable cases and 28% represents cases that are part complete, pending a third party response.

6.7 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 level. However appointments have now been made to fill 3x at Pension Officer and 1x at Assistant Pension Officer level.
- The volume of incoming work has increased 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.

7 YEAR END/BREACHES

7.1 Year End 2015/16 employer breaches

7.2 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 two remaining employers (St Ursula's Academy and Greenfield Academy – both EACT) 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 have been closely monitored during the year end process to ensure they are meeting the requirements of their Data Improvement Plan. Year End data has now been received and a report on progress will be provided at the next meeting

7.3 The above breaches are not considered significantly material. 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.

7.4 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.

7.5 Year End 2016 / 17

- (1) All year end spreadsheets were issued by 31 March with a deadline for returns of 2 May. An update will be provided at the next meeting.

8 CUSTOMER FEEDBACK – RETIREMENT QUESTIONNAIRE

8.1 Appendix 6 highlights the 25 responses to the online survey for retirees. 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.

8.2 The Fund continues to explore ways to gather more customer feedback and will report back to the Committee on progress.

9 TPR DATA IMPROVEMENT PLAN

9.1 A summary of the Data Improvement Plan as at 31 March 2017 is shown below with a comprehensive breakdown attached in Appendix 4.

Data type	Cases brought forward	New cases	Completed	Outstanding	Completeness as % of membership
Actives	1,264	52	407	909	99.79%
Deferreds	4,774	86	219	4641	98.87%
Pensioners	82	2	5	79	99.96%
Dependants	53	0	24	29	99.91%
Total	6173	140	655	5658	99.63%

10 IDRP

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 IDRP. The table at Appendix 7 shows the cases going through at the present time.

10.2 There are two cases where the Stage 2 adjudicator has awarded compensation of £500.

10.3 The first involved a member who was awarded deferred benefits in 1983 and when his benefits became payable at age 60 wanted to defer receiving them. This was not possible as the benefits were still subject to earlier regulations

10.4 The member then requested information as to the transfer out of his pension rights but was told that as he was within 12 months of his normal pension age this was also not possible.

10.5 The compensation was awarded on the basis that the member had never been informed of this 12 months restriction and therefore he had been denied a possible transfer at an earlier stage.

10.6 This has highlighted that because of the number of different regulations and overriding central government legislation there may be some leavers who left many years ago who may not be fully aware of all their options. As a result an update on this matter will be addressed with this year's deferred benefit statements.

10.7 The second case was an ill health case that for various reasons took a long time to resolve and the Pension Ombudsman recommended that such compensation would be appropriate in this instance.

10.8 Avon Pension Fund are in the process of setting up training for employers on first Instance decisions and IDRP, incorporating Ill health retirements

11 RISK REGISTER

11.1 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.

11.2 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

11.3 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.

11.4 The Fund reviews all risks annually and the top 10 risks and changes quarterly with the latest review in June 2017.

11.5 Two risks have increased from Low to Medium since the last report: (i) R16: Staffing – *failure of the Fund to ensure it has adequate resources and staff with the requisite skills and competencies to administer the Fund*. Recruitment of new staff officers to the Funds administration following the admin restructure. The Fund has implemented a programme of skills and knowledge training to mitigate risk. (ii) R01 – System failure – Two major systems update projects are due to begin in sequence with the software provider. These are required to replace the existing system software platform in the first instance followed by an update to the existing pensions payroll platform. Agreed project plans are in place identifying risk, key milestones, officer resource and overall timetable for completion.

11.5 The top 10 risks, including their likelihood, impact and mitigating actions are set out in **Appendix 8**.

12 RISK MANAGEMENT

- 12.1 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.

13 EQUALITIES

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

14 CONSULTATION

- 14.1 None appropriate

15 ISSUES TO CONSIDER IN REACHING THE DECISION(S)

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

16 ADVICE SOUGHT

- 16.1 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	