

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE
MEETING DATE:	22 SEPTEMBER 2017
TITLE:	PENSION FUND ADMINISTRATION (1) SUMMARY PERFORMANCE REPORT TO 30 June 2017 (2) PERFORMANCE INDICATORS TO 30 June 2017 (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 Appendix 6 - Retirement customer service questionnaire results Appendix 7 – IDRPs Current Cases Appendix 8 – Risk Register Top 10	

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 30 June 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 30 June 2017.

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 AVON PENSION FUND ADMINISTRATION PERFORMANCE

4.1 Key Performance Indicators for the 3 months to 30th June 2017

4.2 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.

4.3 Full details of performance against target, in tabular and graph format, are shown in Appendix 2 Annex 1 to 4.

4.4 A new suite of reports have been written and introduced to more accurately 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.

4.5 Annex 1 & 2 of Appendix 2 details the performance against SLA target. Whilst there has been continued improvement in performance over the past three quarters the majority of KPI's remain below target. Annex 2 demonstrates a marked improvement when applying a tolerance of SLA +5 days. Analysis has shown that although the administration is marginally outside target when applying the tolerance a number of outside factors continue to present a significant challenge in achieving the required KPI target under current benchmarking standards.

4.6 LGPC benchmarking standards have been in place for a number of years and do not take into consideration the extended administration process caused by the increased complexity of the LGPS following a number of changes over recent years, including the introduction of the CARE scheme in 2014 and further increased member and scheme taxation regulations introduced by HMRC involving both Annual Allowance and Lifetime Allowance. Additionally, there has been a continual increase in Fund employers caused by the Academisation of schools and outsourcing of services. Also the increase in the number of third party HR and payroll providers.

4.7 These factors alone have resulted in a sustained high volume workload across a diverse employer platform, ultimately impacting on existing benchmarking targets.

4.8 The Fund will consider contacting CIPFA and LGPC with a request for a review of its current scope of benchmarking standards.

4.9 Admin Case Workload

4.10 The level of work outstanding from tasks set up in the 3 month period is reported in Appendix 2 Annex 5 & 6 by showing what percentage of the work is outstanding. As a snapshot, at 30th June 2017 there were 6,583 cases outstanding (a reduction of 1,145 cases from previous report) of which 58.79% represents actual workable cases and 41.21% represents cases that are part complete, pending a third party response. Arrangements have been put in place to target specific work types and the introduction of a daily 'power hour' is also impacting on reducing outstanding case workload.

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 April to 30 June a total of 1573 leaver forms were received with an average accuracy rate of 72.47%.

5.3 A new simplified leaver form has been introduced from 1 July and it is hoped that this will result in greater accuracy figures for employers being reported by the end of the year. A revised training programme for employers will be rolled out shortly and a workshop will take place at each of the planned employer forums including instruction on completing the form and inviting further feedback from employers on their training and support requirements.

5.4 Excluding notification of member retirements and death in service; a new process will be followed when leaver forms are received. An acknowledgement letter will be issued to the member confirming entitlement to a benefit. An option form will be issued asking members to confirm if they have re-joined the LGPS with another employer or left completely and want details of their deferred benefits or refund of contributions. The aim is stop duplication of work ie deferring a record and then linking it to a new starter for members who re-join. This process is in response to the movement of employees between employers eg Academies.

5.5 All employers transferring monthly data will only have to supply leaver forms for retirements. Most of the data needed to defer, refund or link is already sent monthly and final pay calculations will be requested via a spreadsheet.

6 TPR DATA IMPROVEMENT PLAN

6.1 A summary of the Data Improvement Plan as at 30 June 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	909	477	250	1,136	99.739%
Deferreds	4,680	33	28	4,685	98.874%
Pensioners	79	2	3	78	99.960%
Dependants	29	1	2	28	99.909%

Total	5,697	513	283	5,927	99.62%
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7 LATE PAYERS

- 7.1 The Fund is required to monitor the receipt of contributions and report materially significant late payments to the Pensions Regulator.
- 7.2 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.
- 7.3 Appendix 5 reports late payers in the period to 30th June. 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.

8 CUSTOMER FEEDBACK – RETIREMENT QUESTIONNAIRE

- 8.1 Appendix 6 highlights member responses to the online survey for retirees. In summary, 68% of respondents indicated that they were very satisfied (57%) or fairly satisfied (11%) with service they received from the Avon Pension Fund.
- 8.2 The Fund continues to explore alternative ways to gather customer feedback and will report back to the Committee on progress.

9 YEAR END

- 9.1 All year end data has been received and uploaded, although a small number of queries still remain outstanding with employers. A report is currently being compiled of any employers in breach of the year end requirements and this will be reported at the next Committee.

10 ANNUAL BENEFIT STATEMENTS

- 10.1 The Fund has undertaken a major cross team project to ensure it meets TPR statutory requirement to issue all deferred and active members with an Annual Benefit Statement (ABS) by 31st August.
- 10.2 The deferred members ABS were sent out during week commencing 24th July 2017 with the active member sent out over a two week period commencing 14th August 2017. Benefit statements for active and deferred members of the Fire Service Pension Schemes were issued during week commencing 21st August 2017.

11 IDR P

- 11.1 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 IDR P. The table at Appendix 7 shows the cases going through at the present time.

12 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 September 2017.
- 11.5 NewRisks/Changes . Two risks have increased since the last report: (i) R28: Recruitment of appropriately skilled Investment officers – increase in both likelihood and impact following the actual recruitment of the majority of the Investment team into BPP, with officers transferring to the new company over a period of 3 to 4 months commencing in October 2017. (ii) R05 – Data Protection – Failure to secure and manage personal data held by the Fund in line with statutory responsibilities – New General Data Protection Regulations (GDPR) introduced by the EU and effective from 25th places increased legal obligations on the Administrating Authority to keep member data secure.
- 11.5 The top 10 risks, including their likelihood, impact and mitigating actions are set out in **Appendix 8**.

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(S)

16.1 There are no 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 (Strategic Director of Resources) 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	