

## Bath & North East Somerset Council

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| MEETING:  | <b>LOCAL PENSION BOARD</b>  |
| MEETING DATE:   | <b>15 February 2018</b>   |
| TITLE:  | <b>PENSION FUND ADMINISTRATION – COMPLIANCE REPORT</b><br><b>(1) SUMMARY PERFORMANCE REPORT TO 31 DECEMBER 2017</b><br><b>(2) PERFORMANCE INDICATORS TO 31 DECEMBER 2017</b><br><b>(3) TPR COMPLIANCE</b> |
| WARD:   | <b>ALL</b>  |
| <b>AN OPEN PUBLIC ITEM</b>  |   |
| <b>List of attachments to this report:</b><br>Appendix 1 – Membership data<br>Appendix 2 – KPIs and Caseloads<br>Appendix 3 – Employer Performance<br>Appendix 4 – TPR Data Improvement Plan<br>Appendix 5 – Late Payers Schedule |   |

### **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 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 Board is asked to note:

- 2.1 Membership data, Employer Performance and Avon Pension Fund Performance for the 3 months to 31 December 2017
- 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/MAT's 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 AVON PENSION FUND ADMINISTRATIVE PERFORMANCE

- 5.1 Key Performance Indicators for the 3 months to 31 December 2017.
- 5.2 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.
- 5.3 Full details of performance against target, in tabular and graph format, are shown in *Appendix 2; Annex 1 to 4*. As recommended by the Pension Board in November, officers are developing a suite of comparator reports to test the Fund performance against legal statutory deadlines. It is anticipated that reports will be available in time to enable reporting from January 2018 onwards, although there is a significant amount of initial work to be carried out to set this up.
- 5.4 The last quarter has shown an improvement in performance against SLAs in most areas of administration work. There has also been a project team put together to work on clearing the backlog of deferred cases. The project team, which consisted of 2.5 FTEs and made up of both Member Services and Quality Assurance staff, was formed at the beginning of December when, at that time, there were approx. 1400 outstanding deferred cases. The project has made significant progress and at the end of January they had managed to clear just over 1000 cases leaving 385 outstanding, and we anticipate that the team will complete this project by the end of February (As at 5<sup>th</sup> February there were a reported 62 cases outstanding). However, work undertaken as part of the project has had a negative impact on APF performance statistics for deferred cases over the quarter and we predict that this will also affect the next quarter as most of the cases being processed are historic. The next backlog to be addressed on the team will be Interfund transfers, followed by member Aggregation cases for which the Fund administration is currently putting together a proposal for additional resource to address the significant backlog of work by the end of 2018 without impacting on 'business as usual' and performance in other areas.
- 5.5 Admin Case Workload *Annex 5 & 6*
- 5.6 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 31 December 2017 there were 7,775 cases outstanding (an increase of just 22 cases from previous report) of which 47.69% represents actual workable cases, ie 3708 cases, and 52.31% represents cases that are part complete, pending a third party response. This is an improvement on the last quarter, despite an increased amount of annual leave being taken over the Christmas period as well as the team being under resourced due to a temporary position following maternity leave needing to be filled and one member of staff being on a period of long term sickness.

## **6 EMPLOYER PERFORMANCE**

6.1 *Appendix 3* highlights employer performance for the 3 months to 31 December 2017

6.2 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.

6.3 During the period from 1 October to 31 December a total of 1,271 leaver forms were received with an average accuracy rate of 76%

6.4 Excluding notification of member retirements and death in service, a new process is now followed when leaver forms for employers utilising the IConnect extract is received. An acknowledgement letter is issued to the member confirming entitlement to a benefit. (These cases are initially set to 'undecided' status on the system pending the member's decision ) An option form is issued asking members to confirm if they have re-joined the LGPS with another employer or left completely and require 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 increased movement of employees between employers eg Academies.

6.5 All employers transferring monthly data only have to supply leaver forms for member retirements or death in service. Most of the data needed to defer, refund or link entitlement is already sent monthly and final pay calculations will be requested via a spreadsheet. This process has started from August for South Gloucester Council and UWE. Bristol City Council are starting the new process from January and providing B&NES go live with IConnect in January they will start the process from February. Once all the Unitary Authorities and UWE are using IConnect there should be an overall reduction in leaver forms of a third.

## **7 TPR DATA IMPROVEMENT PLAN**

7.1 Following discussions with the Pension Board in the November meeting a 'Data Score' has now been added to the TPR reporting as shown in Appendix 4. This has been calculated in accordance with the Pension Regulator's recently issued guidance. A copy of the relevant guidance can be found at the following address: <S:\Pensions\Users Shared\APF Pensions Board\TPR> .The Fund's overall data score as at 31 December 2017 is calculated as 93.96%.

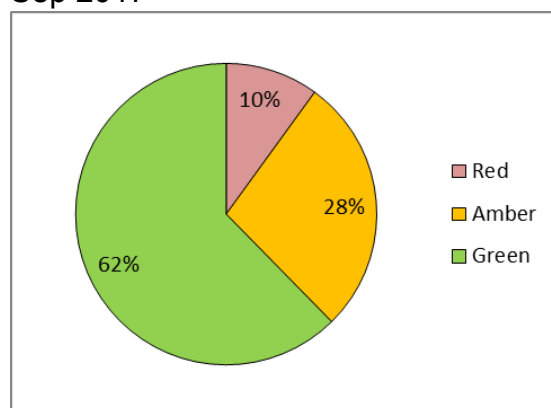
7.2 The Fund has put forward a separate proposal to use a tracing agency (Accurate Data Services) to find 'gone away' addresses. A separate report outlining proposals is enclosed with Pension Board papers.

7.3 A summary of the RAG rating by employer is shown below. The RAG rating has been adjusted so that queries over 10% = Red, between 0.1% & 10% = Amber and 0% = Green.

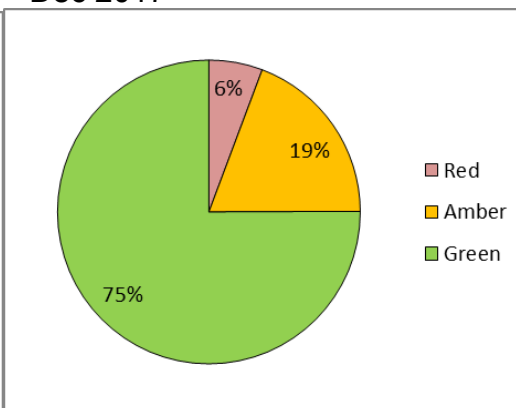
| No. of employers<br>Sept 2017 | No of employers<br>Dec 2017 | Queries    | RAG<br>rating |
|-------------------------------|-----------------------------|------------|---------------|
| 34                            | 20                          | 10% >      | Red           |
| 94                            | 67                          | 0.1 to 10% | Amber         |
| 212                           | 262                         | 0%         | Green         |

Equivalent % rating of whole Fund

Sep 2017



Dec 2017



Data for the Unitary Authorities is listed below.

| Unitary authorities   | Queries<br>Sept 2017 | Queries<br>Dec 2017 | Membership | RAG   |       |
|-----------------------|----------------------|---------------------|------------|-------|-------|
| BANES                 | 283                  | 87                  | 3478       | 2.50% | Amber |
| Bristol City          | 165                  | 82                  | 8834       | 0.93% | Amber |
| North Somerset        | 45                   | 6                   | 2530       | 0.24% | Amber |
| South Gloucestershire | 63                   | 61                  | 5790       | 1.05% | Amber |

## 8 LATE PAYERS

8.1 The Fund is required to monitor the receipt of contributions and report materially significant late payments to the Pensions Regulator.

8.2 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.

8.3 *Appendix 5* reports late payers in the period to 31st December 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.

## **9 YEAR END / BREACHES**

- 9.1 Year end 2018 process has commenced with membership spreadsheets being issued to all employers in January for initial reconciliation.
- 9.2 Year End training sessions have now started with an event for previously fined employers taking place on 29 January.
- 9.3 Year end 2017 - A total of 21 employers will be fined £250 each. 3 fines are for late returns and the rest for errors in excess of 10%
- 9.4 Of the 21 employers to be fined 7 are repeat offenders. Of which 3 are Oasis Academies, 2 have EPM as their payroll providers and 2 are EACT Academies.
- 9.5 Test files have been received from EPM for moving to IConnect. Discussions are also in progress with Oasis to move to IConnect submissions. EACT have now responded and agreed to start monthly data returns from April 2018. They are currently clearing the outstanding queries from last year. With positive engagement and progress made with all three organisations it has been deemed not necessary to report to TPR on this occasion. However, organisations have been made aware that a further similar breach will trigger a report to TPR.

## **10 EQUALITIES**

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

## **11 CONSULTATION**

- 11.1 None appropriate

## **12 ISSUES TO CONSIDER IN REACHING THE DECISION(S)**

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

## **13 ADVICE SOUGHT**

- 13.1 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.

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