Bath & North East Somerset Council	
MEETING:	**AVON PENSION FUND COMMITTEE**
MEETING DATE:	**23rd MARCH 2018**

TITLE:	**PENSION FUND ADMINISTRATION**
	
	  (1) SUMMARY PERFORMANCE REPORT TO 31st December 2017
	  (2) PERFORMANCE INDICATIORS TO 31st December 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 – Customer Feedback

Appendix 7 – IDRP 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 31st 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 Committee is asked to note:

2.1 Membership data, Fund and Employer performance for the 3 months to 31st December 2017.

2.2 Progress and reviews of the TPR Data Improvement Plan.

3   FINANCIAL IMPLICATIONS

3.1 There are no direct financial 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 by mid - February there were a reported 62 cases outstanding). However, work undertaken as part of the backlog project has had a negative impact on APF performance statistics for deferred cases over the quarter and it is anticipated that this will also affect the next quarter as the majority of the cases being processed are historic. The next backlog to be addressed on the team will be Inter-fund transfers, followed by member Aggregation cases for which the Fund administration has put together a proposal for additional temporary 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, i.e. 3,708 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 to eliminate duplication of work i.e. deferring a record and then linking it to a new starter for members subsequently 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 (via IConnect) 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 it is anticipated that B&NES will go live with IConnect after processing the January payroll and they should then start the process from February/March. North Somerset Council are currently developing a workable data extract program and not likely to be live with IConnect until later in 2018. Once all four 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. The Fund's overall data score as at 31 December 2017 is calculated as 93.96%.

7.2 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.
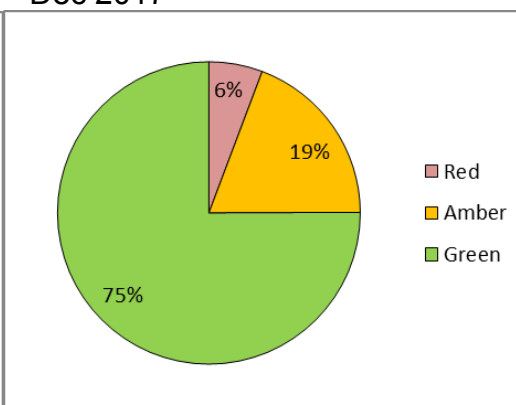
No. of employers Sept 2017	No of employers Dec 2017	Queries	RAG rating
34	20	10% >	Red
94	67	0.1 to 10%	Amber
212	262	0%	Green

Equivalent % rating of whole Fund
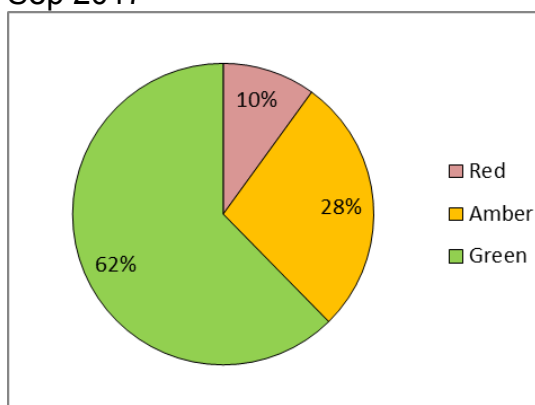
Sep 2017   Dec 2017

Data for the Unitary Authorities is listed below.

Unitary authorities	Queries Sept 2017	Queries 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   CUSTOMER FEEDBACK

9.1 Appendix 6 highlights the 42 responses to the online survey for retirees. In summary, 73% of respondents indicated that they were very satisfied (63%) or fairly satisfied (10%) with service they received from the Avon Pension Fund.

9.2 Appendix 6 also highlights employer feedback from an Employer Forum held on 15 November. This was the last in a series of forums for various employer groups.

9.3 Initial results from a new online survey, rating each page on the website (a 1 to 5 star rating) is also included. The survey was launched in early November, and so results are relatively low in this reporting period.

9.4 More work will take place over the next few months to gather more online and face-to-face feedback – this will be reported to the Committee and Pension Board.

10   YEAR END/BREACHES

10.1   The Year end 2018 process has commenced with membership spreadsheets being issued to all employers in January for initial reconciliation.

10.2   Year End training sessions have now started with an event for previously fined employers taking place on 29 January.

10.3   Year End 2017 - A total of 21 employers were fined £250 each. 3 fines were for late returns and the rest for data errors in excess of 10%.

10.4   Penalised employers and payroll providers have been given the opportunity to attend training and sign up to a data improvement plan in lieu of paying the fine. All employers have agreed this option.

10.5   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.

10.6   Test files have been received from EPM for moving to IConnect (automated monthly data submission). Discussions are also in progress with Oasis to move to IConnect submissions. EACT have now responded and agreed to start monthly data submission from April 2018 and are currently clearing the outstanding data queries from last year. With positive engagement and progress made with all three organisations it has been deemed not necessary to report a breach to TPR on this occasion. However, the breach has been recorded by the Fund and all three organisations have been made aware that a further similar breach will trigger a report to TPR.

11 IDPR

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

12 OTHER FUND ACTIVITIES

12.1 Officers have engaged with Bath and North East Somerset Council in providing bulk data in respect of the Councils ongoing VR exercise.

12.2 The Annual Employer Conference was held at the M Shed in Bristol on 7th March . The conference was well attended by over 120 delegates from across the Funds employer portfolio including representatives from the Pension Board and Committee.

13 RISK REGISTER

13.1 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.

13.2 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

13.3 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.

13.4 The Fund reviews all risks annually and the top 10 risks and changes quarterly with the latest review in February 2018.

13.5 As notified in the previous report, the risk from the transfer of skills/knowledge from the Fund to the Brunel Pensions Partnership (risk #28) remains high. Actions to mitigate this are being put in place by officers.

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

14 RISK MANAGEMENT

14.1   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.

15 EQUALITIES

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

16 CONSULTATION

16.1   None appropriate

17 ISSUES TO CONSIDER IN REACHING THE DECISION(S)

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

18 ADVICE SOUGHT

18.1   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	