

## Bath & North East Somerset Council

MEETING:	<b>LOCAL PENSION BOARD</b>
MEETING DATE:	<b>24 May 2018</b>
TITLE:	<b>PENSION FUND ADMINISTRATION – COMPLIANCE REPORT</b> <b>(1) SUMMARY PERFORMANCE REPORT TO 31 MARCH 2018</b> <b>(2) PERFORMANCE INDICATORS TO 31 MARCH 2018</b> <b>(3) TPR COMPLIANCE</b>
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:</b> Appendix 1 – Membership data Appendix 2 – KPIs and Caseloads Appendix 2a – SLA Reporting Timetable Appendix 3 – Employer Performance Appendix 4 – TPR Data Improvement Plan 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<sup>st</sup> March 2018.
- 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<sup>st</sup> March 2018
- 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 March 2018.

5.2 The information provided in this report is based on the Avon Pension Fund's performance against the 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 (as amended) 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*. *Annex 2* has been amended to show the total cases processed over each quarter. *Annex 2a* has been included to provide further context around the measurement of APF performance against SLA targets.

5.4 The last quarter has shown further improvement in performance against SLAs in 10 out of 14 areas of administration work, this is despite receiving higher than usual volumes of leaver notifications due to employers fulfilling their year-end obligations. The project to clear the backlog of deferred cases was successfully completed mid-February with approximately 1400 cases being cleared in total. As predicted, work undertaken as part of the project has continued to have a negative impact on APF performance statistics for deferred cases over the quarter as it did over the last quarter, however, this should continue to improve going forward. A project to clear the backlog of inter-fund transfers was started in early March and despite no additional resource being allocated to this the Member Services team have made good progress and managed to clear 80 out of 190 cases to date. The next backlog to be addressed on the team will be member Aggregation cases for which the Fund administration is currently in the process of recruiting additional resource to address this significant backlog of work without impacting on 'business as usual' and performance in other areas.

5.5 Resource Update - The Member Services team have successfully recruited a temporary employee into the Assistant Pensions Officer position which had become vacant as the result of maternity leave. A half time Senior Pensions

Officer from the Quality Assurance team will also be temporarily seconded to the Employer Services Monthly Returns project from April onwards. Over the last quarter there was approx. 1 days processing lost due to an upgrade of the Heywood Altair system.

- 5.6 Admin Case Workload *Annex 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 March 2018 there were 7,671 7,775 cases outstanding (a decrease of 104 cases from previous report) of which 48.59% represents actual workable cases, ie 3727 cases, and 51.41% represents cases that are part complete, pending a third party response.

## **6 EMPLOYER PERFORMANCE**

- 6.1 *Appendix 3* highlights employer performance for the 3 months to 31 March 2018.
- 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 January to 31 March a total of 1700 leaver forms were received with an average accuracy rate of 75%. The increase from the last quarter is due to employers preparing for the year end process.
- 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 started the new process from January. B&NES are now live with IConnect but will start the process from April. Once all the Unitary Authorities and UWE are using IConnect there should be an overall reduction in leaver forms of at least a third. A further reduction is expected as the IConnect project is rolled out across all employers.
- 6.6 The project to roll out IConnect across the APF portfolio commenced at the end of March 2018. As at 14<sup>th</sup> May a total of 68 employers are now live and submitting returns monthly. A more detailed progress report will be included at the next PB meeting in July.

6.7 A review of the reporting for leavers will be necessary as the IConnect project is rolled out. All leavers are reported on the extracts and will be in target as long as the extract is received on time. However it will be necessary to identify any late leavers reported and to distinguish between true leavers and post changes, as well as recording how many paper leavers are received for retirements & death cases. The figures on appendix 3 include post changes for Bristol, South Glos & UWE.

## 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 March 2018 is calculated as 94.48%.

7.2 The Pension Committee has agreed the Fund's proposal to use a tracing agency to locate both missing and 'gone away' addresses. An initial scan of approximately 5,300 records has been undertaken to carry out mortality screening checks or confirm living as stated. Results are currently being processed ahead of the next stage to establish member/address match. A more detailed progress report will be included at the next PB meeting in July.

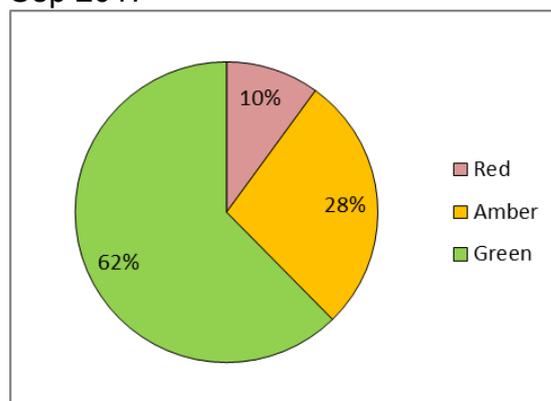
7.3

7.4 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.

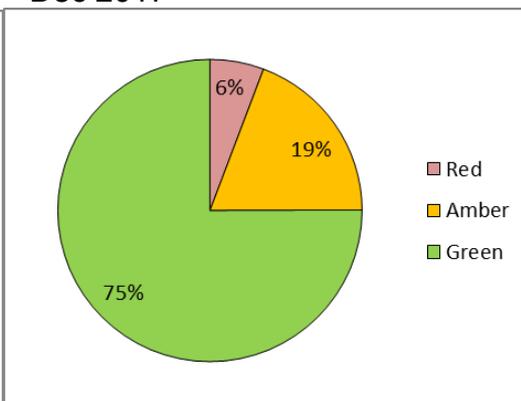
No. of employers Sept 2017	No of employers Dec 2017	No of employers Mar 2018	Queries	RAG rating
34	20	14	10% >	Red
94	67	43	0.1 to 10%	Amber
212	262	310	0%	Green

Equivalent % rating of whole Fund

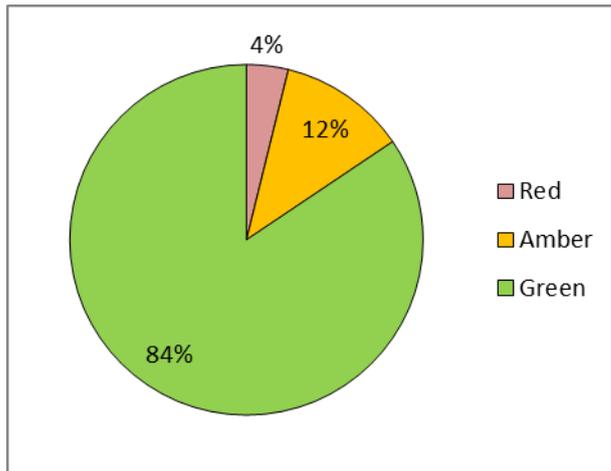
Sep 2017



Dec 2017



Mar 2018



Data for the Unitary Authorities is listed below.

Unitary authorities	Queries Sept 2017	Queries Dec 2017	Queries Mar 2018	Member ship	RAG	
BANES	283	87	38	3113	1.22%	Amber
Bristol City	165	82	64	88901	0.72%	Amber
North Somerset	45	6	0	2400	0.00%	Green
South Gloucestershire	63	61	54	5852	0.92%	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 31<sup>st</sup> March 2018. 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.
- 8.4 The Board had requested the Fund to undertake a review of late contribution payments and provide a list of 'repeat offenders' who made late payments in each of the previous three years since the establishment of the Board. On investigation the Fund found that no scheme employer had repeatedly failed across the period. Fund officers would keep the situation under review and report any such occurrences to the Board should they occur.

## 9 YEAR END / BREACHES

### 9.1 Year End 2016/17 employer breaches

9.2 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%

9.3 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.

9.4 EPM have gone live with IConnect in March 2018. 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.

### 9.5 Year End 2017/18

9.6 Year end training sessions have now been completed

9.7 All year end spreadsheets were issued by 31 March with a deadline for returns of 30 April. An update will be provided at the next meeting.

## 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.

<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>	