

Bath & North East Somerset Council	
MEETING:	AVON PENSION FUND COMMITTEE
MEETING DATE:	21st SEPTEMBER 2018
TITLE:	PENSION FUND ADMINISTRATION (1) SUMMARY PERFORMANCE REPORT TO 30th June 2018 (2) PERFORMANCE INDICATORS TO 30th June 2018 (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 – Performance Measurement against SLA and Workloads</p> <p>Appendix 2a – SLA Measurement Schedule</p> <p>Appendix 2b – Performance Measurement against Statutory Legal Deadline</p> <p>Appendix 2c – Statutory Legal Measurement Schedule</p> <p>Appendix 3 – Employer Performance</p> <p>Appendix 4 – TPR Data Improvement Plan</p> <p>Appendix 5 – Late Payers</p> <p>Appendix 6 – Customer Feedback</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 30th June 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 Committee is asked to note:

- 2.1 Membership data, Fund and Employer performance for the 3 months to 30th June 2018.
- 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 30th June 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 APF performance against SLA targets, in tabular and graph format, are shown in *Appendix 2; Annex 1 to 4*. *Appendix 2a* has been added to provide further context around the measurement of APF performance against the SLA.
- 5.4 *Appendix 2b* sets out APF performance against legal statutory deadlines and *Appendix 2c* provides legal context. In all cases the legal deadlines are less stringent than the SLA targets.
- 5.5 The last quarter has shown a decline in performance against SLAs in most areas of administration work, this is mostly due to the staffing levels and the requirement for significant training of new members of staff and existing members of staff who are acting up into more senior roles. It is expected that the overall performance will improve going forward as the staff knowledge base increases. The project to clear the backlog of inter-fund transfers has now been completed with 190 cases being completed in total. The next backlog to be addressed on the team will be member Aggregation cases for which the Fund administration has now recruited additional resource to address this significant backlog of work without impacting on 'business as usual' and performance in other areas. The project is due to start on 1st July with 3,869 cases identified as needing to be cleared over an 8 month period.
- 5.6 Resource Update – Over the last quarter the Member Services team has seen a dramatic change in its resource, partly due to the maternity leave of a Senior Pensions Officer and also the secondment of a Pensions Officer to the GMP

reconciliation project, but also as a result of the agreement by committee for additional resource for both projects and staff churn. An extensive amount of recruitment has been undertaken and as a result 5 officers are currently acting up into more senior positions and we have recruited an additional 4 new officers. There is now a significant amount of training being undertaken to develop these officers to excel in the roles they are currently undertaking.

- 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 30th June 2018 there were 8,534 cases outstanding (an increase of 863 cases from previous report) of which 50.93% represents actual workable cases, ie 4,346 cases, and 49.07% represents cases that are part complete, pending a third party response. The increase in outstanding cases is due to an additional backlog of aggregation cases being identified due to a previous reporting error being corrected.

6 EMPLOYER PERFORMANCE

- 6.1 *Appendix 3* highlights employer performance for the 3 months to 30th June 2018. The report is now updated to show performance for retirements only as leaver forms are not required for other types of leaver (eg refunds and deferred benefits) once employers are using monthly online returns.
- 6.2 During the period from 1 April to 30 June a total of 1,223 leaver forms were received with an average accuracy rate of 74%.
- 6.3 Once all the Unitary Authorities and larger employers are submitting monthly online returns there should be an overall reduction in leaver forms of at least a third.
- 6.4 The project to roll out monthly online returns (IConnect) across the APF portfolio commenced at the end of March 2018. As at the end of July app 130 employers are now live and submitting returns monthly, covering 63% of the active membership.
- 6.5 A review of the reporting of data from the online returns is currently under way.

7 TPR DATA IMPROVEMENT PLAN

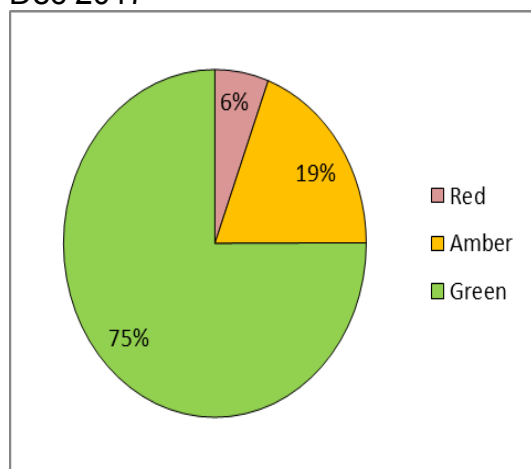
- 7.1 Following recommendations from the Pension Board at its November meeting, a 'Data Score' has now been added to the TPR reporting as shown in *Appendix 4*. This has been calculated in accordance with the Pension Regulator's guidance. The Fund's overall data score as at 30 June 2018 is calculated as 94.48%. The trend is slightly up especially for active members as a result of the year end data reconciliation exercise.

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

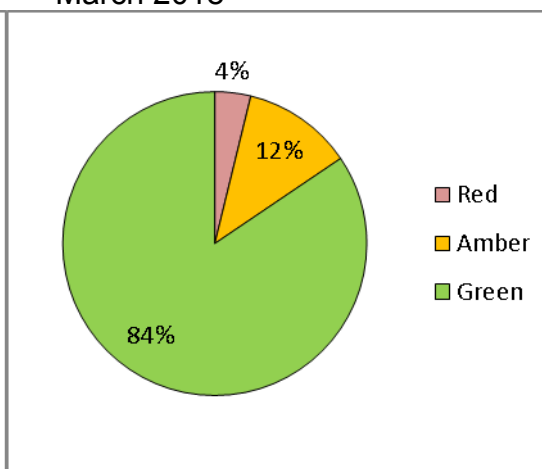
No of employers Dec 2017	No of employers Mar 2018	No of employers June 2018	Queries	RAG rating
20	14	19	10% >	Red
67	43	57	0.1 to 10%	Amber
262	310	316	0%	Green

Equivalent % rating of whole Fund

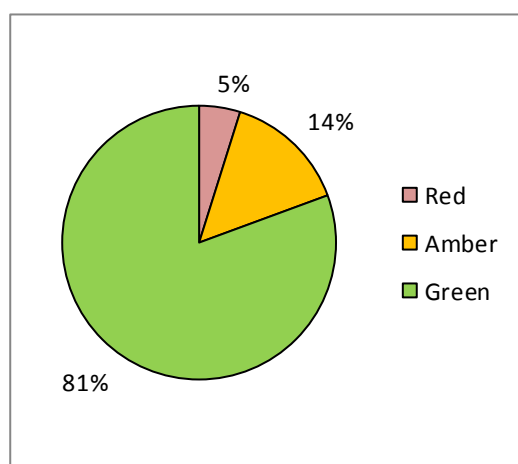
Dec 2017



March 2018



June 2018



Data for the Unitary Authorities is listed below.

Unitary authorities	Queries Dec 2017	Queries Mar 2018	Queries Jun 2018	Member ship	RAG	
BANES	87	38	187	3119	6.00%	Amber
Bristol City	82	64	199	8318	2.39%	Amber
North Somerset	6	0	240	2371	10.1%	Red
South Gloucestershire	61	54	81	5852	1.38%	Amber

7.2 Pension Committee had previously agreed the Fund's proposal to use a tracing agency to locate both missing and 'gone away' member addresses.

7.3 Results to date are shown in the tables below.

5,236 cases were originally sent to the Tracing Company

Tracing Stage	Number of Cases	%
Stage 1: Mortality Screening	606 found	11.5%
Stage 2: Auto Trace	1,166 found	22%
Stage 3: Manual Basic Search	1,706 found	32.50%
Total cases found	3,478	66%
Total cases not found	1,758	34%

Of the 3,478 cases found trace letters were issued to members on 11 June and 23 July.
As at 31 July 2018

New addresses updated	684	20%
Letters returned - not at new address	43	1%
Member confirmed as deceased	122	3.5%
Letter issued awaiting response	1,597	46%
Letter still to be issued	1,032	29.5%

The remaining letters will be issued in September and a further review of progress will be made in October to decide next steps.

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 30th June 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.

9 CUSTOMER FEEDBACK

- 9.1 Appendix 6 highlights the 47 responses to the online survey for retirees. In summary, 77% of respondents indicated that they were very satisfied (68%) or fairly satisfied (9%) with service they received from the Avon Pension Fund.
- 9.2 There were 53 results from the online survey, rating each page on the website (a 1 to 5 star rating) during the period. 90.5% of respondents gave the website a 4 or 5 star rating (85% giving it 5 stars).
- 9.3 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

- 10.1 Year end returns have now been received for all employers. The data has been loaded and any queries returned to employers for correction.
- 10.2 Initial findings show that 7 employers submitted late returns. 6 of the 7 employers have 13 active members between them. Each of these employers will receive a £250 fine.
- 10.3 Work is now underway to assess employers with queries at year end totalling more than 10% of their membership. An initial assessment suggests that there are app 20 employers who will be considered for fines. Most are part of MATs or other education establishments. A full report will be supplied at the next meeting.

11 IDRP

- 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 RISK REGISTER

- 12.1 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.
- 12.2 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
- 12.3 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
- 12.4 The Fund reviews all risks annually and the top 10 risks and changes quarterly with the latest review in July 2018.
- 12.5 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.
- 12.6 A new risk has been added (R57) to the Risk Register specifically addressing the risk that the Fund does not comply with the LGPS Transparency Code. Details of this risk were highlighted in the June 2018 report to Committee.
- 12.7 The Fund has resources in place to manage this and will also have support from Brunel. The Brunel Client Group and Brunel are working together to ensure funds in the pool understand the requirements and disclose in a consistent manner.
- 12.8 Therefore the risk is low; the main risk is reputational if the Fund is cited as non-compliant with the Code.
- 12.9 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	<i>Geoff Cleak, Pensions Manager; Tel 01225 395277</i>
Background papers	<i>Various statistical documents.</i>
Please contact the report author if you need to access this report in an alternative format	