

Bath & North East Somerset Council	
MEETING:	LOCAL PENSION BOARD
MEETING DATE:	8th NOVEMBER 2018
TITLE:	PENSION FUND ADMINISTRATION – COMPLIANCE REPORT (1) SUMMARY PERFORMANCE REPORT TO 30th Sept 2018 (2) PERFORMANCE INDICATORS TO 30th Sept 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 – GDPR Project Plan</p> <p>Annex 1 to section 9 –GMP Reconciliation Note</p>	

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 30th September 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 Pension Board is asked to note:

- 2.1 Membership data, Fund and Employer performance for the 3 months to 30th September 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 September 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 little change in performance against SLAs in most areas of administration work, this is due to the continuing requirement for significant training of new members of staff and existing members of staff who are acting up into more senior roles. We are hopeful that the overall performance will improve going forward as the staff knowledge base increases. The 8 month project to clear the backlog of aggregation cases began on the 1st July with 3,869 cases identified as project work. The project has proved to be very successful to date with 1,733 cases being cleared as at 30th September 2018 leaving 2136 cases outstanding meaning the team have cleared just under 45% of the cases in 3 months. The project is on track for completion within the 8 month period. The Trivial Commutation project, to distinguish the number of small pensions we are currently paying by making a one-off payment to a member, is underway and we have recently received a feasibility study from the scheme actuary and are in the process of reviewing this to determine the best way forward with the project.

- 5.6 Resource Update – Over the last quarter the Member Services section have appointed 2 apprentices who joined the team in September. The apprentices will be involved with a variety of activities within the section in addition to undertaking their studies. Training to develop officers who are newer to their roles continues to put a strain on existing resource.
- 5.7 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 September 2018 there were 7,802 cases outstanding (a decrease of 732 cases from previous report) of which 46.91% represents actual workable cases, ie 3,660 cases, and 53.09% represents cases that are part complete, pending a third party response. The decrease in outstanding cases is mainly due to the volume of cases being cleared by the aggregation project.

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 July to 30 September a total of 1,486 leaver forms were received with an average accuracy rate of 83%.
- 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 September app 148 employers are now live and submitting returns monthly, covering 63% of the active membership. Phase 1 (employers with less than 50 members) is now complete and Phase 2 (employers more than 50 members) of the project is now under way. In the pipeline there is active engagement with 13 organisations who are working towards a live submission by the end of December. This will cover a further 159 employers.
- 6.5 A review of the reporting of data from the online returns is currently under way.

7 TPR DATA IMPROVEMENT PLAN

- 7.1 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 September 2018 is calculated as 94.45%.
- 7.2 Although the overall data score has remained constant the split of queries for active members is now across an increased number of smaller employers who may only need one or two queries to put them in the red category.
- 7.3 Since the commencement of the address tracing project 846 deferred member addresses have been confirmed found, but over the same period 478 new

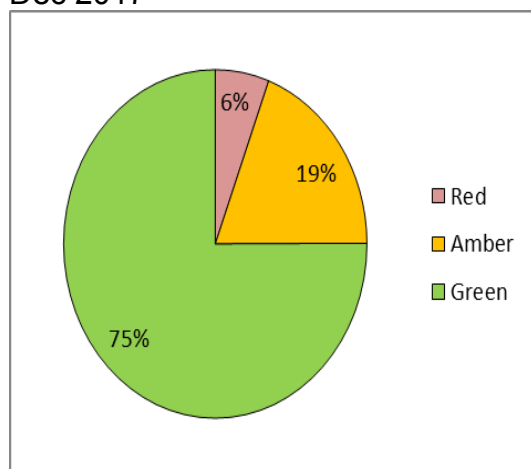
missing addresses have been flagged as missing for deferred members. This is mainly as a result of returned annual benefit statements.

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.

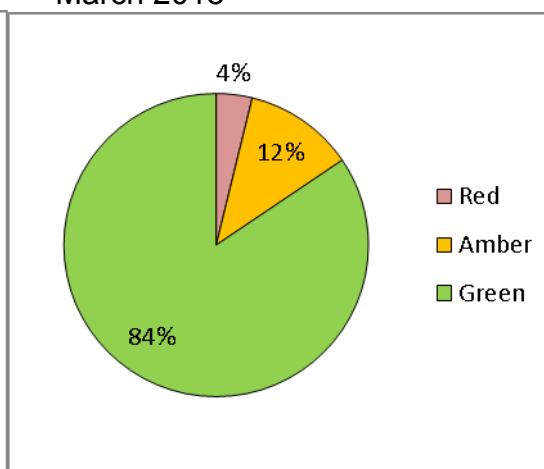
No of employers Dec 2017	No of employers Mar 2018	No of employers June 2018	No of employers Sept 2018	Queries	RAG rating
20	14	19	58	10% >	Red
67	43	57	89	0.1 to 10%	Amber
262	310	316	257	0%	Green

Equivalent % rating of whole Fund

Dec 2017

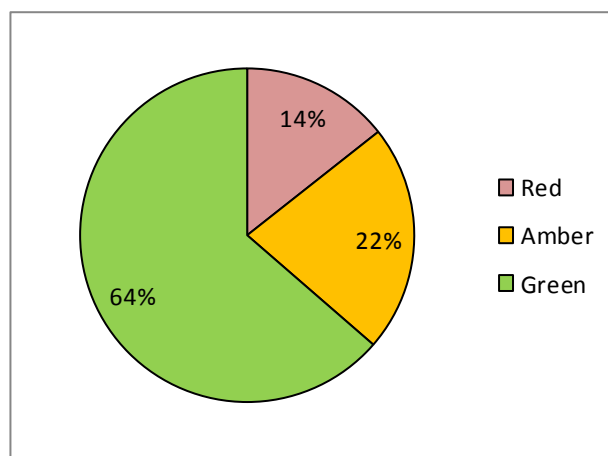
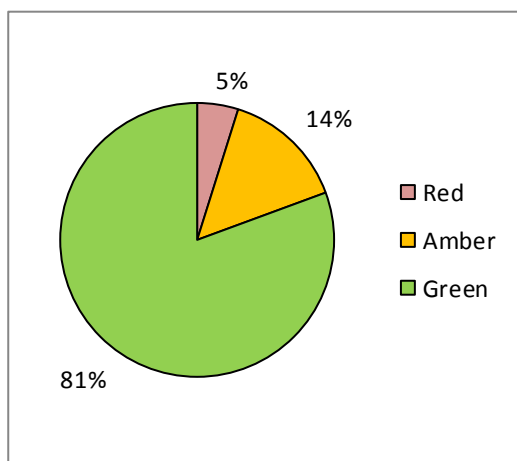


March 2018



June 2018

September 2018



Data for the Unitary Authorities is listed below.

Unitary authorities	Queries Dec 17	Queries Mar 18	Queries Jun 18	Queries Sept 18	Member ship	RAG	
BANES	87	38	187	194	3324	5.84%	Amber
Bristol City	82	64	199	159	8966	1.77%	Amber
North Somerset	6	0	240	76	2335	3.25%	Amber
South Gloucestershire	61	54	81	62	6215	1.00%	Amber

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

7.5 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 30 September 2018

New addresses updated	854	25%
Letters returned - not at new address	43	1%
Member confirmed as deceased	122	3.5%
Letter issued awaiting response	1,427	41%
Letter still to be issued	1,032	29.5%

Unfortunately no further letters have been issued due to lack of resource. A temporary resource has now been recruited to work on the project and will start on 1 November.

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 August 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 GMP DATA RECONCILIATION UPDATE

- 9.1 The Avon Pension Fund [APF] in conjunction with HMRC, have been carrying out a reconciliation of records held in respect of Contracting out of the Second State Pension.
- 9.2 This is required as a result of the introduction of the new Single State Pension in April 2016. A brief outline explaining the process is included at Annex 1
- 9.3 HMRC have supplied details of the records they consider they hold for APF. APF have been checking these against their records with the first priority to identify records that do not appear to belong to APF.
- 9.4 Two lists were supplied by HMRC Non Actives 42,529 and Actives at April 2016 [Closure Scan] 31,468. All those not found were reported back to HMRC
- 9.5 Except where members may have transferred in previous contracted out service, active members do not hold GMP amounts and so those records will be updated with the amounts provided on the HMRC list for record completeness.
- 9.6 The main area of risk could occur on pensioner records where there is an incorrect or no GMP held on the system that has been replicated onto payroll. This is where pension increases could have been overpaid. The Pension Committee have been requested to approve how any such cases should be dealt with and have asked for further details to be provided following discussions with other South West Funds. A letter has been sent by the South West Area Pension Officers Group [SWAPOG] to MHCLG for some guidance on this matter.
- 9.7 From an initial comparison there appears to be a number where this may have occurred but more in depth checks are required. This could be a very sensitive area as the highest overpayments could potentially affect some of the oldest pensioners as it could have built up over a long period beyond SPA and therefore it is imperative that a full investigation takes place before any action can be taken.
- 9.8 As regards to members where the GMP differs between APF and HMRC by more than the suggested national tolerance levels 5600 were initially identified and further investigations have been made. All inconsistencies have been reported back to HMRC.

9.9 HMRC will be assessing all the information received from other pension providers and there could be some further cases that are considered to belong to APF. These will need to be investigated in due course. It is expected that these cases will be finalised by March 2019.

9.10 The project has now entered the second stage where the APF records will be updated where required.

9.11 Following this the last stage will be to administer any changes required on payroll.

9.12 A further report will be presented to both the Committee and the Board outlining progress on this matter

10 YEAR END

10.1 Year end has now been completed.

10.2 A total of 22 employers will be fined. 8 fines are for late returns and the remainder in respect of queries in excess of 10% of membership. Any employer who is not a repeat offender will be offered the opportunity to attend training in lieu of the fine.

10.3 The primary repeat offender was EACT Multi Academy Trust who will be fined for a late return for one academy and disproportionate work for outstanding queries across all their academies. Part of the charge is also for the additional work in re-issuing annual benefit statements due to incorrect year end data for one of the academies. EACT are now fully engaged and have cleared nearly all outstanding queries, including historical cases.

10.4 North Somerset Council are also being fined for a late return and disproportionate work for queries at year end.

11 GDPR IMPLEMENTATION

11.1 As reported at the July Board meeting the Fund has developed the required Privacy Notices and employer related Memorandum of Understanding document. Officers continue to work through the project plan with guidance and support from B&NES DPO (Appendix 6 refers).

11.2 The Pension Board will be kept informed with progress made towards final completion in future reports.

12 EQUALITIES

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

13 CONSULTATION

13.1 None appropriate

14 ISSUES TO CONSIDER IN REACHING THE DECISION(S)

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

15 ADVICE SOUGHT

- 15.1 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	