Bath & North East Somerset Council	
MEETING:	**LOCAL PENSION BOARD**
MEETING DATE:	**7th MARCH 2019**
TITLE:	**PENSION FUND ADMINISTRATION – COMPLIANCE REPORT** **(1) SUMMARY PERFORMANCE REPORT TO 31st December 2018** **(2) PERFORMANCE INDICATORS TO 31st December 2018** **(3) TPR COMPLIANCE**
WARD:	**ALL**
AN OPEN PUBLIC ITEM	

List of attachments to this report:

Appendix 1 – Membership data

Appendix 2 – Performance against SLA and Workloads

Appendix 2a – SLA Measurement Schedule

Appendix 2b – Performance Measurement against Statutory Legal Deadline

Appendix 2c – Statutory Legal Measurement Schedule

Appendix 3 – Employer Performance

Appendix 4 – TPR Data Improvement Plan

Appendix 5 – Late Payers

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 31st December 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 31st December 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 31st December 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 provides 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 Performance against SLA targets are reported and show mostly improvements on the last quarter.

5.6 Performance against legal statutory deadlines have also improved on the last quarter and where flagging up as amber were down to factors outside of the control of the administration team for retirements from active and transfer out payment stage.

5.7 The project to clear the backlog of aggregation cases began on the 1st July with 3,869 cases identified as project work. The project continues to be very successful with 3,313 cases being cleared as at 31st December leaving a further 556 cases outstanding meaning the team had cleared approximately 85% of the cases. The project is on track for completion within the designated 8 month period. The Trivial Commutation project, to extinguish the number of small pensions, we are currently paying to pensioners, by making a one-off commutation payment, is underway and we are currently in discussion with the

scheme actuary to determine how to proceed with this and what support they can offer.

5.8 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 31st December there were 5,911 cases outstanding (a significant decrease of 1,891 cases from previous report) of which 36.17% represents actual workable cases, ie 2,138 cases, and 63.83% 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 Employer Performance *Appendix 3* highlights employer performance for the 3 months to 31st December 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 1st October to 31st December a total of 1,206 leaver forms were received with an average accuracy rate of 66%.

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 December app 189 employers are now live and submitting returns monthly, covering app 75% of the active membership. Phase 1 (employers with less than 50 members) is now complete and Phase 2 (employers with more than 50 members) of the project is now under way. Due to the proximity of year end a decision has been made about which employers will realistically go live before year end. This has been narrowed to North Somerset, Strictly Education and Wiltshire CC. The three extracts will cover a total of 58 employers (4,287 members). The aim will be for the remainder of employers to do an old style year end return and go live with IConnect between April and September 2019.

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 31 December 2018 is calculated as 94.63%.

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 data queries to put them in the red category.

7.3 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.
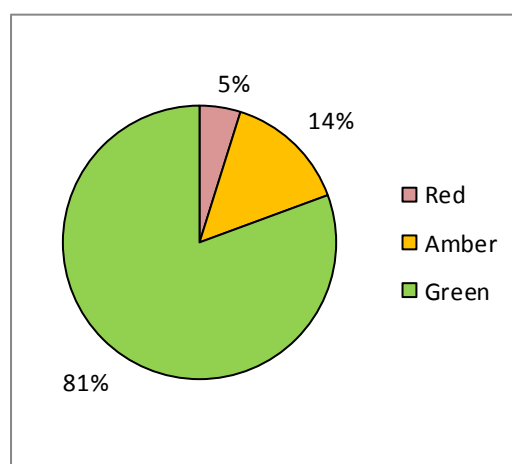
No of employers Mar 2018	No of employers June 2018	No of employers Sept 2018	No of employers Dec 2018	Queries	RAG rating
14	19	58	43	10% >	Red
43	57	89	72	0.1 to 10%	Amber
310	316	257	321	0%	Green

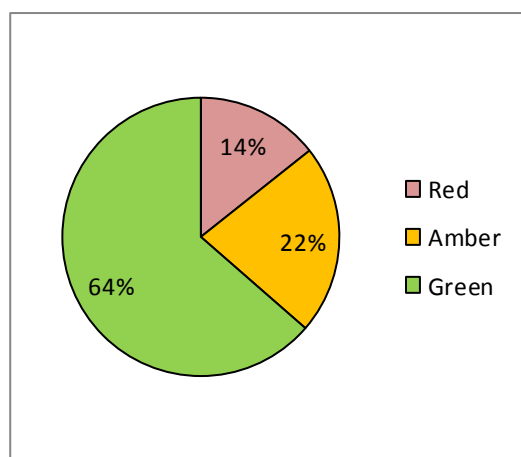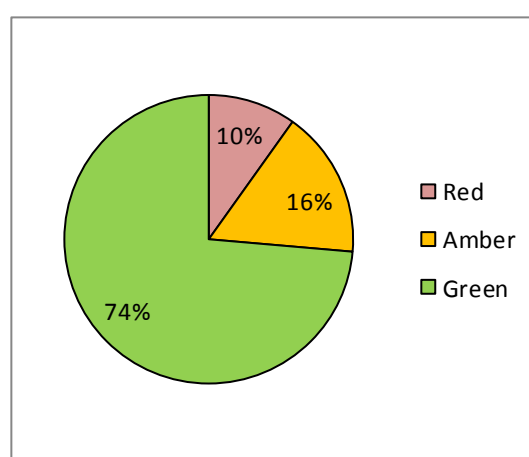Equivalent % rating of whole Fund

March 2018
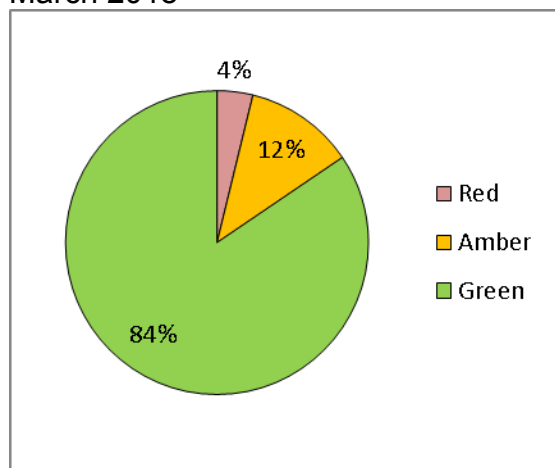
June 2018

September 2018

December 2018

Data for the Unitary Authorities is listed below.

Unitary authorities	Queries Mar 18	Queries Jun 18	Queries Sept 18	Queries Dec 18	Member ship	RAG	
BANES	38	187	194	136	3235	4.2%	Amber
Bristol City	64	199	159	198	8970	2.21%	Amber
North Somerset	0	240	76	49	2214	2.21%	Amber
South Gloucestershire	54	81	62	71	6375	1.11%	Amber

7.4 The Pension Committee has 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 sent toTracing Company

Tracing stage	Number of cases	%
Stage 1: Mortality screening	606	11.5
Stage 2: Autotrace	1,166	22.0
Stage 3: Manual Basic search	1,706	32.5
Total cases found	3,478	66.0
Total cases not found (Consider next stage)	1,758	34.0

7.6 Of the 3,478 cases found the first batch of trace letters were issued in June & July 2018. The second batch in December of 2018 and January 2019.

	30 Sept 18		31 Dec 18	
	Number of cases	%	Number of cases	%
New addresses updated	854	25.0	1,248	36.0
Letters returned - not at address or gone away	43	1.0	69	2.0
Member confirmed as deceased	122	3.5	160	4.5
Letters issued awaiting response	1,427	41.0	2,001	57.5
Letters still to be issued	1,032	29.5	0	0

7.7 All letters have now been issued. The next stages are to consider a follow up plan where no response has been received to our trace letter and decide which cases are taken forward to the manual forensic tracing level.

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 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   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 was sent by the South West Area Pension Officers Group [SWAPOG] to MHCLG and the Scheme Advisory Board [SAB] for some guidance on this matter.

9.5   From an initial comparison there appear to be a number of cases where this may have occurred but more in depth checks are still to be undertaken. 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..

9.6   HMRC will be assessing all the information received from other pension providers and there may 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 finalised by the end of March 2019.

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

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

10   YEAR END

10.1   The 2017/18 year-end exercise has now been completed.

10.2   A total of 22 employers have incurred penalty charges. Training for the fined employers took place on 18th January. All employers attended apart from one multi academy trust, who received fines for three of their schools. They are now engaging with the Fund to resolve the outstanding data issues.

10.3 Year end 2018/19 is now under way. Employers have been split between those needing to provide an old style year end return and those on IConnect who will need to ensure their March extract is submitted by the end of April, to meet the deadline. All employers will also be asked to sign a year end declaration confirming the accuracy and quality of their data for the year.

11   EQUALITIES

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

12   CONSULTATION

12.1   None appropriate

13 ISSUES TO CONSIDER IN REACHING THE DECISION(S)

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

14 ADVICE SOUGHT

14.1   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	