Bath & North East Somerset Council	
MEETING:	**LOCAL PENSION BOARD**
MEETING DATE:	**13 JUNE 2019**
TITLE:	**PENSION FUND ADMINISTRATION – COMPLIANCE REPORT** **(1) SUMMARY PERFORMANCE REPORT TO 31st March 2019** **(2) PERFORMANCE INDICATORS TO 31st March 2019** **(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 March 2019.

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 March 2019.

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 2019.

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 During 2019 CIPFA have published guidance on preparing the annual report, a guide to administration, and an update to the pension's administration benchmarking service to mirror the requirements in the annual report guidance. This includes new suggested key performance indicator measures. APF plan to adopt the new measures and will be reporting performance against these with effect from 1 April 2019, with the first report to committee at September's meeting. Details of the guidance can be found here https://www.cipfa.org/policy-and-guidance/reports/administration-in-the-lgps

5.4 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.

5.5 *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.

5.6 Performance against SLA targets are reported and show similar results as compared with the previous quarter.

5.7 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.

5.8 TheTrivial 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: 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 there were 5,379 cases outstanding (a decrease of 532 cases from previous report) of which 42.09% represents actual workable cases, i.e. 2,264 cases.

6   ADMINISTRATION RESOURCE

6.1 **Member Services Team** – The Member Services Manager has been appointed as the Technical and Compliance Advisor (who now manages the Quality Assurance team). A recruitment process is underway to fill the vacant Member Services Manager.

A vacant Assistant Pensions Officer post has been filled by an Apprentice. Recruitment will continue to fill vacant permanent and temporary Pension Officer positions. A Senior Pensions Officer will be returning from maternity leave on a part-time basis and recruitment for the other part-time aspect of the role is being progressed.

6.2 **Employer Services Team –** The Employer Services manager has been appointed as the new Governance and Risk advisor, therefore, a new Employer Services manager was appointed from 1 April 2019 and the Employer Relations Team Leader post is now vacant. Recruitment to fill this post is underway. The temporary senior pensions officer post has been filled and the temporary part time pension officer post remains vacant, this is currently being filled by overtime on the team. One pension officer is now on maternity leave and has been filled with a temporary appointment. A Senior Employer Relations officer is due to go on maternity leave in September.

6.3 **Communications & Marketing –** The Communications & Marketing manager role is currently being advertised ahead of the forthcoming move to Tyne & Wier of the current postholder

6.4 Training and mentoring of new staff is ongoing which continues to affect overall performance and output across the administration team.

7   EMPLOYER PERFORMANCE

7.1 Employer Performance *Appendix 3* highlights employer performance retirements covering the 3 months to 31st March 2019.

7.2 During the period from 1st January to 31st March a total of 1,123 leaver forms were received with an average accuracy rate of 76%.

7.3 All the Unitary Authorities and larger employers are submitting monthly online returns and compared to the same period last year there has been an overall reduction in leaver forms of a third.

7.4 Strictly Education, Wiltshire payroll and North Somerset Council all went live with i-Connect for March and their Year End returns. As at the end of March, 254 employers are now live and submitting returns monthly covering app 85% of the active membership. The project is current on hold over the valuation period and will re-commence in July with a final push to get the remaining employers using i-Connect by October.

7.5 Additional reports will be implemented for the 2018/19 Year end data submitted via i-Connect.

8   TPR DATA IMPROVEMENT PLAN

8.1 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 March 2019 is calculated as 95.01%.

8.2 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. These employers have been targeted for improvement as part of the Valuation review.

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.
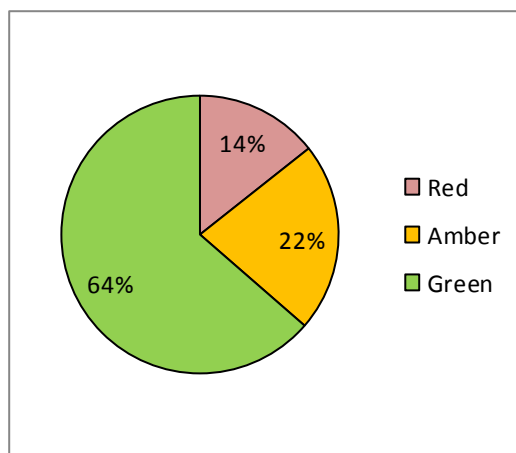
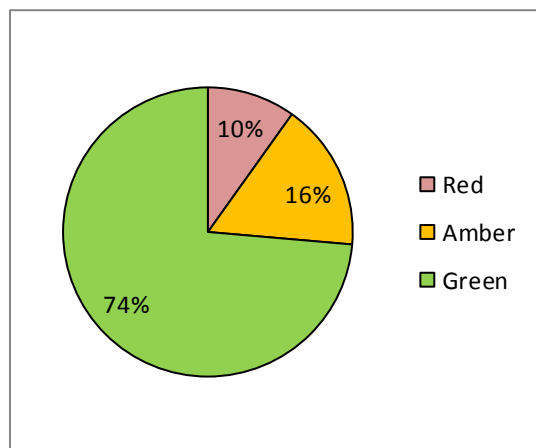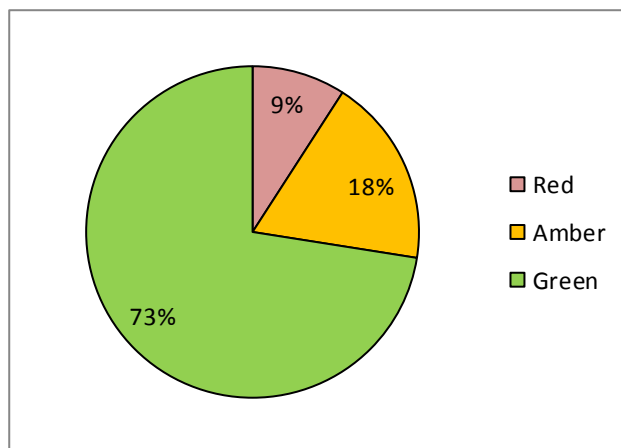| No of employers June 2018	No of employers Sept 2018	No of employers Dec 2018	No of Employers March 2019	Queries	RAG rating
19	58	43	40	10% >	Red
57	89	72	81	0.1 to 10%	Amber
316	257	321	319	0%	Green

Equivalent % rating of whole Fund

June 2018
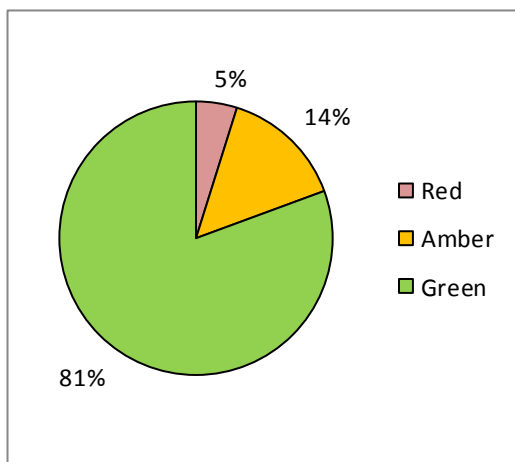
September 2018

December 2018

March 2019

Data for the Unitary Authorities is listed below.

Unitary authorities	Queries June 18	Queries Sept 18	Queries Dec 18	Queries Mar 19	Member ship	RAG	
BANES	187	194	136	125	3063	4.08%	Amber
Bristol City	199	159	198	188	9476	1.98%	Amber
North Somerset	240	76	49	50	2130	2.25%	Amber
South Gloucestershire	81	62	71	29	6360	0.45%	Amber

Address Rectification

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

8.4 Results to date are shown in the tables below.

Tracing Stage	No Case - Dec 2018	%	No cases - March 19	%
Total cases sent to Tracing Company	5,236		5,840	
Stage 1: Mortality screening	606	11.5	707	12.1
Stage 2 : Auto Trace	1,166	22.0	1,282	22.00
Stage 3 : Manual Basic Search	1,706	32.5	1,811	31.00
Total case found	3,478	66.0	3,800	65
Total Cases not found (consider next stage)	1,758	34.0		35

8.5 A tracing letter has been issued to all 3,800 cases found. Full details are in the table below:

	Dec 2018		March 2019	
	Number of cases	%	Number of cases	%
New addresses updated	1,248	36.0	1,564	42.5
Letters returned - not at address or gone away	69	2.0	160	4.3
Member confirmed as deceased	160	4.5	172	4.7
Letters issued awaiting response	2,001	57.5	1,784	48.5
Letters still to be issued	0	0	0	0

8.6 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. The cost of the manual trace is £45 plus VAT per case, therefore we are prioritising these based on age.

9 LATE PAYERS

9.1 The Fund is required to monitor the receipt of contributions and report materially significant late payments to the Pensions Regulator.

9.2 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.

9.3 *Appendix 5* reports late payers in the period to 31st March 2019. 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.

10 GMP DATA RECONCILIATION UPDATE

10.1 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.

10.2 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.

10.3 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. At this time a response is still awaited and this will be raised at the next SWAPOG meeting in June.

10.4 From an initial comparison there appear to be a number of cases where overpayments 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..

10.5 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.

11 YEAR END

11.1 The 2018/19 Year End is on-going, the deadline for employers to submit their data is 30 April 2019. 254 employers will be submitting their year-end data via i-Connect with the remainder using the old process to submit data.

11.2 All employers will be asked to sign a year end declaration confirming the accuracy and quality of their data for the year. Where data has been provided via i-Connect from a payroll provider, the data will be confirmed back to the scheme employer for the declaration and sign off.

11.3 As this is a valuation year additional focus has been put on cleansing employer data to ensure the most accurate data is provided to the scheme actuary. Member data will be extracted and sent to Mercers at the end of June, therefore the main focus for the

Employer Services team over the next quarter will be to continue to cleanse update and load member data.

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	*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	