

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE
MEETING DATE:	21 JUNE 2019
TITLE:	PENSION FUND ADMINISTRATION (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 Measurement 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 Appendix 6 – Customer Feedback Appendix 7 – IDRP Current Cases Appendix 8 – Risk Register Top 10	

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 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 Committee 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 31 March 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 last quarter.

5.7 Performance against legal statutory deadlines are slightly down 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 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 31 March there were 5379 cases outstanding (a decrease of 532 cases from previous report) of which 42.09% represents actual workable cases, i.e. 2,264 cases.

5.9 P60 and Payslip improvements

Improvements and efficiencies have been made to the design and fulfilment of the pensioner member P60 and pay advice statements, within required strict deadlines.

A new way of processing and fulfilling these with a print and post provider has seen over 90,000 items successfully distributed in the last two months, with a reduction in printing and distribution costs and pension officer time.

6 RESOURCE UPDATE

6.1 **Member Services** – 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.

Training to develop officers who are newer to their roles continues.

6.2 **Employer Services** – 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 of the 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 employer 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.

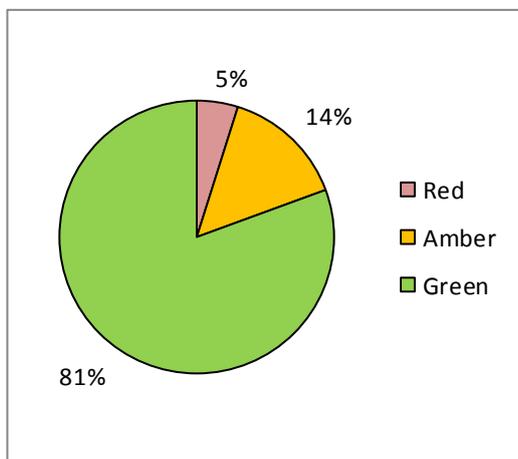
8 TPR DATA IMPROVEMENT PLAN

- 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.
- 8.3 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.

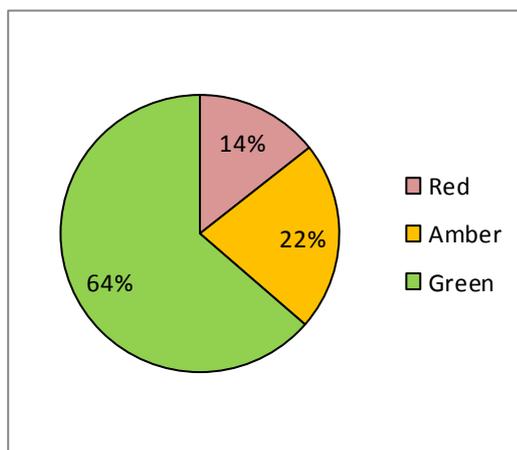
No of employers June 2018	No of employers Sept 2018	No of employers Dec 2018	No of Employers March 2019	Queries	RAG rating
19	58	43	40	10% >	Red
57	89	72	81	0.1 to 10%	Amber
316	257	321	319	0%	Green

Equivalent % rating of whole Fund

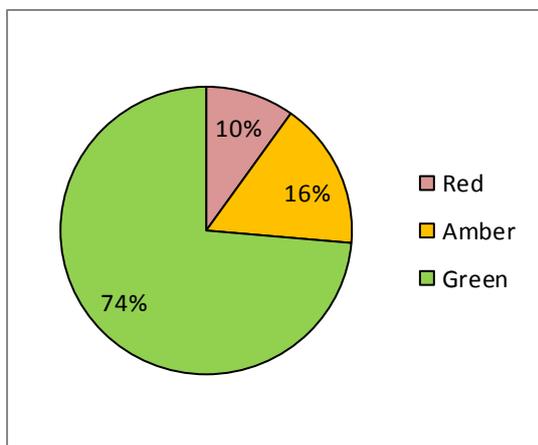
June 2018



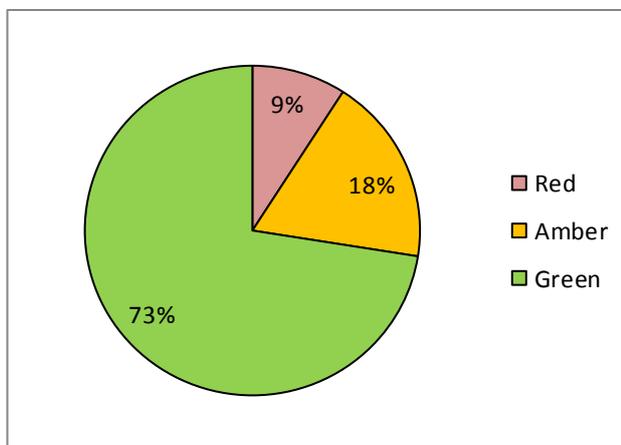
September 2018



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

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

8.5 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

	Dec 18		Mar 19	
	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 first reviewing the case where members are aged 63 plus.

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 CUSTOMER FEEDBACK

10.1 *Appendix 6* highlights the 57 responses to the online survey for retirees. In summary, 77% of respondents indicated that they were very satisfied (70%) or fairly satisfied (7%) with service they received from the Avon Pension Fund.

10.2 There were 71 results from the online survey, rating each page on the website (a 1 to 5 star rating) during the period. 91.5% of respondents gave the website a 4 or 5 star rating (87% giving it 5 stars).

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 IDR P

12.1 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 IDR P. The table at *Appendix 7* shows the cases going through at the present time.

13 RISK REGISTER

13.1 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.

13.2 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

13.3 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

13.4 The Fund reviews all risks annually and the top 10 risks and changes quarterly with the latest review in May 2019.

13.5 As previously noted, the risk from the transfer of skills/knowledge from the Fund to the Brunel Pensions Partnership remains high (Risk #28) and has now been further compounded following multiple staff changes to service management across the administration team. Actions to mitigate this are being put in place by officers

13.6 The top 10 risks, including their likelihood, impact and mitigating actions are set out in **Appendix 8**.

14 RISK MANAGEMENT

14.1 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.

15 CLIMATE CHANGE

15.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint. The Fund acknowledges the financial risk to its assets from climate change and addresses this through its strategic asset allocation to Low Carbon Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

16 EQUALITIES

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

17 CONSULTATION

17.1 None appropriate

18 ISSUES TO CONSIDER IN REACHING THE DECISION(S)

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

19 ADVICE SOUGHT

19.1 The Council's Monitoring Officer and Section 151 Officer 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	