

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE
MEETING DATE:	6 DECEMBER 2019
TITLE:	PENSION FUND ADMINISTRATION (1) SUMMARY PERFORMANCE REPORT TO 30th September 2019 (2) PERFORMANCE INDICATORS TO 30th September 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

Annex 1 - GDPR Breach Report

Annex 2 - Temporary Admin Restructure

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 September 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.
- 1.3 Following the recent data breach, this report also includes a recommendation to the Committee for additional resource to manage monthly employer data upload

2 RECOMMENDATION

The Committee is asked to:-

2.1 Note - Membership data, Fund and Employer performance for the 3 months to 30th September 2019.

2.2 Note - Progress and reviews of the TPR Data Improvement Plan.

2.3 Approve – The additional resource requirements as set out in Annex 2

3 MEMBERSHIP TRENDS

3.1 *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.

4 AVON PENSION FUND – ADMINISTRATIVE PERFORMANCE

4.1 Key Performance Indicators for the 3 months to 30th September 2019.

4.2 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.

4.3 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.

4.4 *Appendix 2b* sets out APF performance against legal statutory deadlines and *Appendix 2c* provides legal context.

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

4.6 Performance against legal statutory deadlines has generally improved against the previous quarter. Further work is being undertaken to target transfer cases which remain below target. Performance reporting now includes measurement against new starters and divorce cases as per new CIPFA guidance.

5.8 Admin Case Workload - The level of work outstanding from tasks set up is reported in *Appendix 2; Annex 5 & 6*; by showing what percentage of the work is outstanding. As a snapshot, at 30th June there were 3,907 cases outstanding (a decrease of 787 cases from previous report) of which 38.8% represents actual workable cases, i.e. 1,512 cases.

5 RESOURCE UPDATE

5.1 **Member Services** – Following the appointment of the new Member Services Manager recruitment has also taken place to appoint 2 Pensions Officer (PO) posts and 1 Assistant PO post. A further APO post is currently being advertised. Furthermore, the Fund is currently recruiting a replacement Fire Liaison officer role.

5.2 **Employer Services** – A new Employer Relations Senior PO has been appointed wef 4th November 2019. This recruitment is being done in conjunction with temporary maternity

cover for another Employer Relations Senior Pensions Officer who commenced maternity leave on 19th September.

- 5.3 Following the recent GDPR breach the Fund has reviewed the process and procedure for receiving I-Connect data submissions. A temporary structure has been agreed with the Head of Business Finance and Pensions to manage the monthly data input and mitigate further risk. The structure (I-Connect team) will consist of 1 technical lead supported by 3 Senior Officer grades. A brief consultation will take place ahead of recruitment and the structure will be reviewed following further analysis of data and output over the coming months. The Fund is developing a suit of reports to monitor monthly I-Connect and these will be reported quarterly to both pensions Committee and LPB on a quarterly basis. The first report is expected to be available for the next Committee in March 2020.
- 5.4 Training and mentoring of new staff is ongoing and as such continues to impact overall administration performance and output.

6 EMPLOYER PERFORMANCE

- 6.1 Employer Performance - *Appendix 3* highlights employer performance retirements covering the 3 months to 30th September 2019.
- 6.2 During the period from 1st July to 30th September 2019 a total of 1,139 leaver forms were received with an average accuracy rate of 79%.
- 6.3 All Unitary Authorities and larger employers are now submitting monthly I-Connect returns. Compared to the same period last year there has been an overall reduction in leaver forms of 80%.
- 6.4 The i-Connect onboarding project has been temporarily suspended pending recruitment of the I-Connect team. It is expected that this will recommence once the Fund has robust monitoring and reporting tools in place to manage the monthly process. Currently, there are a further 182 employers to be set up on I-Connect representing approximately 15% of scheme active membership.

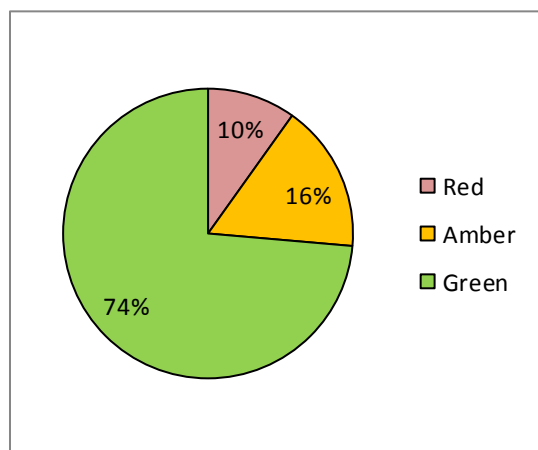
7 TPR DATA IMPROVEMENT PLAN

- 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 2019 is calculated as 94.36%.
- 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 or amber category. Employers will continue to be targeted for improvement. The amount of TPR queries has increased by approximately 100 which is to be expected following the year end data process.
- 7.3 A summary of the RAG rating by employer is shown below. The RAG rating reflects employers with % outstanding data queries against profiled scheme membership: (over 10% = Red, between 0.1% & 10% = Amber and 0% = Green).

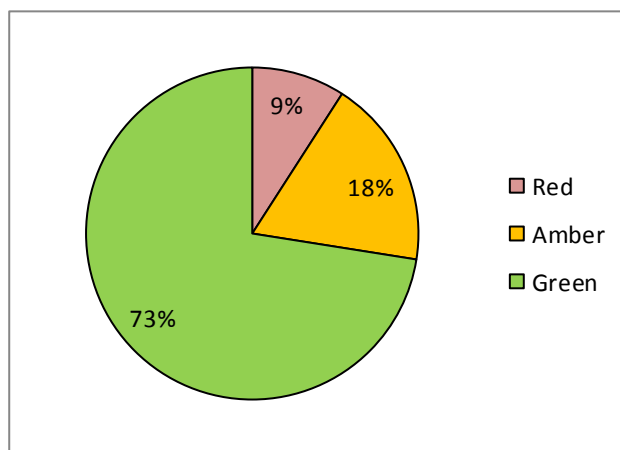
No of employers Dec 2018	No of employers March 2019	No of employers June 2019	No of Employers Sept 2019	Queries	RAG rating
43	40	59	49	10% >	Red
72	81	108	124	0.1 to 10%	Amber
321	319	281	276	0%	Green

Equivalent % rating of whole Fund

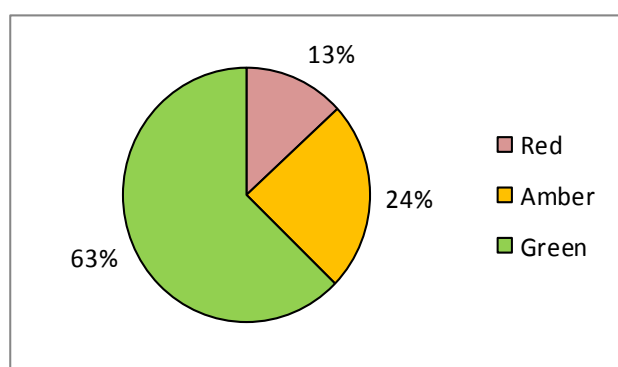
December 2018



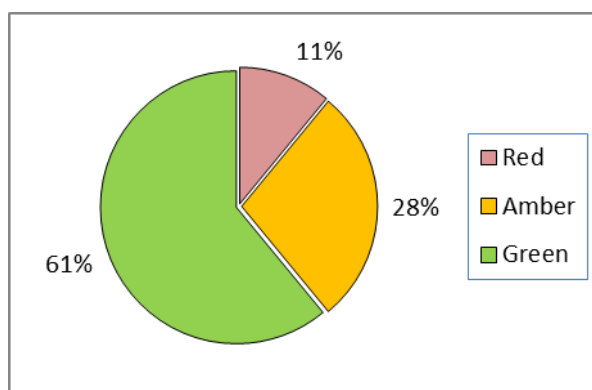
March 2019



June 2019



September 2019



Data for the Unitary Authorities is listed below.

Unitary authorities	Queries Dec 18	Queries Mar 19	Queries June 19	Queries Sept 19	Member ship	RAG	
BANES	136	125	99	72	2622	2.74%	Amber
Bristol City	198	188	292	228	8894	2.56%	Amber
North Somerset	49	50	50	40	1887	2.12%	Amber
South Gloucestershire	71	29	77	96	5631	1.7%	Amber

Address Rectification

7.4 The committee has previously agreed the Fund's proposal to use a tracing agency to locate both missing and 'gone away' member addresses. The tracing project is ongoing the current position is detailed in the table below:

	Original cases	%	Sept 19	Totals	%
New addresses updated	1,248	35.3	29	1,593	43.3
Letters returned - not at address or gone away	69	2.0	6	154	4.2
Member confirmed as deceased	160	4.5	-	172	4.7
Letters issued awaiting response	2,055	58.2	-	1,751	47.6

8.5 Chasers are being sent to members who have not replied and we have also attempted to make contact via email or telephone.

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 September 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.

9 REGULATORY BREACHES – 5 YEAR REFUND CASES

9.1 The 2013 LGPS regulations require schemes to pay a refund of contributions within 5 years. Failure to complete payment is classified as a regulatory breach and is required to be reported to the pensions committee and local pension board.

9.2 The Fund has identified and noted 29 breaches in the period 1st July to 30th September 2019. Of which 7 cases are reported as gone away/no longer at address held and 22 cases have been contacted but not responded.

9.3 The National Technical Group has previously made a recommendation to the Scheme Advisory Board to remove the requirements to pay a refund of contributions within five years under the 2013 regulations. The SAB have agreed to proceed with this regulatory change and are in the process of making recommendations to MHCLG.

10 GDPR – DATA PROTECTION BREACH

10.1 As updated verbally at the previous Pension Committee the Fund had cause to report a member data breach internally to Information Governance for investigation and subsequently this was reported to the Information Commissioners Office (ICO) for consideration. The ICO have now reviewed the breach and based on the information provided by the Fund and B&NES IG have decided that no further action will be taken. Details of the breach and the ICO response can be found at Annex 1 to this report.

11 TEMPORARY RESTRUCTURE & CONSULTATION

11.1 To mitigate further risk of data errors and to manage the workload created by the receipt of monthly employer data the Fund has restructured its Employer Services team creating additional resource to manage the data upload.

11.2 Details of the additional resource requirements and associated costs are contained in Annex 2 to this report.

11.3 A suite of reports is being introduced to monitor the receipt, accuracy and timeliness of employer monthly data returns on an ongoing basis and these will be included in future Committee and Pension Board reports for review.

12 YEAR END

12.1 The 2018/19 Year End has now been completed. 254 employers submitted their year-end data via i-Connect and 182 employers submitted their data by the old method of completing and sending an excel spreadsheet

12.2 Any outstanding queries as a result of the year end process have now been included in the TPR statistics.

12.3 A total of 15 employers will be fined, 1 for late submissions and 12 for data queries in excess of 10% and 2 for disproportionate work. All fined employers will be issued with a data improvement plan. Furthermore, 11 i-Connect payrolls and 6 On Line Return employers have been identified as having a high level of data queries, they will therefore be reviewed and given additional support and a issued a data improvement plan where necessary. Any employer who is not a repeat offender will be given the opportunity to attend training in lieu of a penalty fine.

12.4 The primary repeat offenders are EACT and Diocese of Bristol Academy trust with St Mary Redcliffe Primary school.

13 CUSTOMER FEEDBACK

13.1 Appendix 6 highlights the 65 responses to the online survey for retirees. In summary, 75% of respondents indicated that they were very satisfied (71%) or fairly satisfied (8%) with service they received from the Avon Pension Fund.

13.2 There were 45 results from the online survey, rating each page on the website (a 1 to 5 star rating) during the period. 82.2% of respondents gave the website a 4 or 5 star rating (80.0% giving it 5 stars).

14 IDR P

14.1 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.

15 RISK REGISTER

15.1 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.

15.2 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

15.3 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

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

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

15.5 The process for managing the risk register is due to be reviewed and will be brought to Committee in due course for approval.

16 RISK MANAGEMENT

16.1 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.

17 CLIMATE CHANGE

17.1 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 is in the process of addressing this through its strategic asset allocation to Low Carbon Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

18 OTHER OPTIONS CONSIDERED

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

19 CONSULTATION

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	