

Somerset Pensions Board

Thursday 15 March 2018
10.00 am Luttrell Room - County Hall,
Taunton



To: The Members of the Somerset Pensions Board

Cllr M Healey and Paul Deal

Issued By Julian Gale, Strategic Manager - Governance and Risk - 7 March 2018

For further information about the meeting, please contact Mike Bryant on 01823 359048 or mbryant@somerset.gov.uk

Guidance about procedures at the meeting follows the printed agenda.

This meeting will be open to the public and press, subject to the passing of any resolution under Section 100A (4) of the Local Government Act 1972.

This agenda and the attached reports and background papers are available on request prior to the meeting in large print, Braille, audio tape & disc and can be translated into different languages. They can also be accessed via the council's website on www.somerset.gov.uk/agendasandpapers



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AGENDA

Item Somerset Pensions Board - 10.00 am Thursday 15 March 2018

*** Public Guidance notes contained in agenda annexe ***

1 **Apologies for absence**

2 **Declarations of Interest**

3 **Minutes from the previous meeting held on 21 December 2017** (Pages 7 - 12)

The Committee is asked to confirm the minutes are accurate.

4 **Public Question Time**

The Chairman will allow members of the public to present a petition on any matter within the Board's remit. Questions or statements about any matter on the agenda for this meeting will be taken at the time when each matter is considered.

5 **Business Plan Update** (Pages 13 - 14)

To consider this report from the Funds & Investments Manager.

6 **LGPS Pooling of Investments** (Pages 15 - 20)

To consider this report from the Funds & Investments Manager.

7 **Review of Pension Fund Risk Register** (Pages 21 - 26)

To consider this report from the Funds & Investments Manager.

8 **Review of Administration Performance** (Pages 27 - 32)

To consider this report from the Head of Peninsula Pensions.

9 **Pension Fund 17/18 Audit Plan**

To consider this report from Grant Thornton (To follow).

10 **Review of Pensions Committee Papers**

To consider the pensions committee papers, which have been circulated separately.

11 **Proposed Dates For Future Board Meetings** (Pages 33 - 34)

12 **2018 Meeting Dates**

To consider this report from the Funds & Investments Manager.

13 **Any other Business of Urgency**

Item Somerset Pensions Board - 10.00 am Thursday 15 March 2018

The Chairman may raise any items of urgent business.

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Guidance notes for the meeting

1. Inspection of Papers

Any person wishing to inspect Minutes, reports, or the background papers for any item on the Agenda should contact the Committee Administrator for the meeting – Neil Milne on Tel (01823) 359045 or 357628; Fax (01823) 355529 or Email: ndmilne@somerset.gov.uk
They can also be accessed via the council's website on www.somerset.gov.uk/agendasandpapers

2. Members' Code of Conduct requirements

When considering the declaration of interests and their actions as a councillor, Members are reminded of the requirements of the Members' Code of Conduct and the underpinning Principles of Public Life: Honesty; Integrity; Selflessness; Objectivity; Accountability; Openness; Leadership. The Code of Conduct can be viewed at: <http://www.somerset.gov.uk/organisation/key-documents/the-councils-constitution/>

3. Minutes of the Meeting

Details of the issues discussed and recommendations made at the meeting will be set out in the Minutes, which the Committee will be asked to approve as a correct record at its next meeting.

4. Public Question Time

If you wish to speak, please tell Neil Milne, the Committee's Administrator, by 12 noon the (working) day before the meeting.

At the Chairman's invitation you may ask questions and/or make statements or comments about any matter on the Committee's agenda – providing you have given the required notice. You may also present a petition on any matter within the Committee's remit. The length of public question time will be no more than 30 minutes in total.

A slot for Public Question Time is set aside near the beginning of the meeting, after the minutes of the previous meeting have been signed. However, questions or statements about any matter on the Agenda for this meeting may be taken at the time when each matter is considered.

You must direct your questions and comments through the Chairman. You may not take direct part in the debate. The Chairman will decide when public participation is to finish.

If there are many people present at the meeting for one particular item, the Chairman may adjourn the meeting to allow views to be expressed more freely. If an item on the Agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

An issue will not be deferred just because you cannot be present for the meeting. Remember that the amount of time you speak will be restricted, normally to two minutes only.

5. Exclusion of Press & Public

If when considering an item on the Agenda, the Committee may consider it appropriate to pass a resolution under Section 100A (4) Schedule 12A of the Local Government Act 1972 that the press and public be excluded from the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, as defined under the terms of the Act.

6. Committee Rooms & Council Chamber and hearing aid users

To assist hearing aid users the following Committee meeting rooms have infra-red audio transmission systems (Luttrell room, Wyndham room, Hobhouse room). To use this facility we need to provide a small personal receiver that will work with a hearing aid set to the T position. Please request a personal receiver from the Committee's Administrator and return it at the end of the meeting.

7. Recording of meetings

The Council supports the principles of openness and transparency. It allows filming, recording and taking photographs at its meetings that are open to the public - providing this is done in a non-disruptive manner. Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings and a designated area will be provided for anyone wishing to film part or all of the proceedings. No filming or recording may take place when the press and public are excluded for that part of the meeting. As a matter of courtesy to the public, anyone wishing to film or record proceedings is asked to provide reasonable notice to the Committee Administrator so that the relevant Chairman can inform those present at the start of the meeting.

We would ask that, as far as possible, members of the public aren't filmed unless they are playing an active role such as speaking within a meeting and there may be occasions when speaking members of the public request not to be filmed.

The Council will be undertaking audio recording of some of its meetings in County Hall as part of its investigation into a business case for the recording and potential webcasting of meetings in the future.

A copy of the Council's Recording of Meetings Protocol should be on display at the meeting for inspection, alternatively contact the Committee Administrator for the meeting in advance.

Pensions Board

Minutes of a meeting of the Pensions Board held in the Luttrell Room, County Hall, Taunton on Thursday 21 December 2017 at 10:00.

Present

Cllr M Healey (Chair)

Mr P Deal

Mr N Behan

Officers present: Mr S Morton – Strategic Manager – Pension Fund and Service Management; and Mr A Sweet – Funds & Investment Manager; and, the Clerk.

Also present: None.

1 Apologies for absence – agenda item 1

All Board members were present.

2 Declarations of interest – agenda item 2

Mr Behan and Mr Deal declared personal interests as members of the Local Government Pension Scheme.

Cllr Healey declared he was a Member of the Local Government National Joint Council (NJC).

3 Minutes of the meeting held on 16 March 2017 – agenda item 3

Mr Deal asked a number of questions for clarification and to obtain updates as it had been sometime since the last meeting of the Board and the Funds and Investments Manager responded to each point. Also it was noted that the financial year in the first paragraph of minute 64 should be amended to read 2016/17 and not 2017/18.

The minutes of the meeting held on 16 March 2017 were accepted, with the amendment above, as being accurate and were signed by the Chairman.

4 Appointment of Chair – agenda item 4

The Clerk called for nominations from the Members of the Pensions Board for the position of Chair. Cllr Mark Healey was proposed and seconded and there being no other nominations Cllr Healey was elected unopposed as Chair for a 12 month period.

5 Public Question Time – agenda item 5

There were no members of the public present and therefore no questions were asked, statements/comments made or petitions presented.

6 Business Plan Update – agenda item 6

The Board considered its Business Plan for the coming year and during the consideration of the report, issues / concerns were raised, questions asked / answered and further information was provided on:

- The background to the formation of Pensions Boards following the Public Service Pensions Commission led by Lord Hutton in 2011 was provided;
- There was a discussion about the merits of looking to see what other activities other LGPS Board's had undertaken and if training could be tailored to fit that or if training could be arranged. In response it was noted that the Council had taken the view to invite Members of both the Pensions Committee and the Pensions Board to training events and members of both were invited to submit suggestions/requests for agenda items and also training requirements;
- The Actuarial review and subsequent valuation of the Fund and it was noted that previously it had been suggested that the Actuary be invited to the Board's December meeting however given the time since the previous meeting (last March) this request had been over looked;
- There was a brief discussion about the composition of the Board and an update was provided on attempts to fill the vacant positions, currently 3.

The report was accepted and the Funds and Investments Manger agreed to prepare a report for the next meeting on 15 March 2018.

7 LGPS Pooling of Investments – agenda item 7

The Board was reminded that under guidance published by the Government in November 2015 the Council had been required to work towards the pooling of the Fund's investment assets with other LGPS funds with a start date of April 2018. For the purposes of pooling the Council had aligned itself with 9 other funds in the South West and had been working with those funds to create a Financial Conduct Authority (FCA) regulated investment company known as Brunel Pension Partnership Ltd, (BPP).

It was noted that BPP had moved in to new Offices last October. It was noted that State Street Bank and Trust Company had been appointed as the administrator/custodian by BPP. One of the 10 partner funds had transitioned their custody assets to State Street with a second tranche of transfers being due in December.

Members heard that BPP had recruited 9 members of staff from the client funds and there had been 4 external appointments. Currently 13 vacancies remained to complete the staffing structure. The process for obtaining FCA regulation is continuing.

It is was reported that BPP would allow the Fund to make significant savings over time with the Council's Fund estimated to make savings of £27.8m in the period to 2036 after costs and it was anticipated that the Somerset Fund

would breakeven in 2024. It was recognised that those were forecasts and there were significant risks to their timing and delivery and they were based on a core set of assumptions and therefore actual savings could be significantly greater or smaller over time.

The Funds and Investments Manager reported on the engagement event held last November and in response to a question he noted that he had continued to circulate to Board Members copies of communications (mostly emails) sent to the Pensions Committee to keep them updated on developments. The report was accepted.

8 Analysis of receipt of Contributions from Employers for 2016/2017 – agenda item 8

The Board considered this report that provided an update on the effectiveness of the Fund in collecting Pensions contributions from Employers during the 2016/2017 financial year. It was noted that under the LGPS Regulations 2013 Employers are required to pay to the Administration Authority the contributions stated in the Fund Actuary's Rates and Adjustments Certificate as employer contributions and the employee contributions that have been deducted from members' pay.

Members heard that during 2016/2017 financial year (prior year comparative in brackets) there were 140 (104) instances of late payment, making up 8.63% (6.74%) of payments due. The corresponding figures for more than 10 days beyond due date were 67 (48) instances and 4.13% (3.11%) of payments due. There was a brief discussion as to the cause and circumstances of the late payments as the figure had worsened and it was explained that there were a small number of late payments, from single employers for relatively small amounts.

It was further noted that instances of failure to pay by the due date had been spread over 55 (30) employers. Based on average monthly contributions from employers it was estimated that by value 97.59% (99.66%) of contributions had been received on or before due date. It was also confirmed that all contributions due during the year had been received. The report was accepted.

9 Review of Pension Fund Risk Register – agenda item 9

The Board considered and discussed the Pension Fund's risk register. Members acknowledged the importance of considering the register at every meeting to review and monitor each risk and approve changes as necessary.

There was a discussion of the risk register which included the addition to the risk register (PF10) Failure of the Brunel Pension Partnership Ltd to deliver either fee savings or investment performance. It was explained that this had been added as the Committee recognised the risks associated with

surrendering overall control of Somerset's Pension Funds and pooling them under the management of the newly created company.

The Chair asked about PF8 and it was noted that on establishment of the Brunel pension partnership and pooling this risk and others would need to be reconsidered/assessed. It was requested that in future updates if the register could display a direction of travel arrow to help highlight any changes since the last meeting to aid understanding and inform the Board's deliberations.

The report was accepted.

10 Review of Administration Performance – agenda item 10

The Board received a paper that provided the requested bi-annual update on the performance of Peninsula Pensions, the shared service that provided benefits administration to the Somerset and Devon Pension Funds.

The Board were informed of: on-going work on priority cases; that all work including the percentage of non-priority work had increased; and the recent review and subsequent reorganisation and restructuring of Peninsula staff. The Strategic Manager – Pension Fund and Service Management provided an overview of how the work had been reviewed and how the effects of auto enrolment and the need to check data quality had prompted an increase in resources and staffing.

The Board noted the overall performance and summary of completed work between April 2016 and January 2017, attached to the report as Appendix A. It was explained in response to a question that timescales were tighter for priority work than non-priority work. Also it was confirmed that the 'Business Analysts' that had assisted with the review were Devon County Council employees.

The report was accepted.

11 Review of Pension Committee papers – agenda item 11

The Board considered the agenda and reports from the 8 December 2017 meeting of the Pensions Committee, with the Funds and Investments Manager providing an overview of the reports. The following topics were covered in discussion:

- Analysis of Performance: the Board was pleased to note that most targets had been met and the overall value of the Fund continued to rise (it had stood at £2.037bn as at 30 Sept) despite the continued fall of the value of Sterling, the increase (albeit small) to interest rates and the continuation and supposed uncertainty of Brexit negotiations;
- The Funds and Investments Manager provided Board Members with an overview of the confidential agenda item considered by the Pensions Committee at its last meeting regarding the Formal Review of Fund Managers;

- The Funds and Investments Manager provided Board Members with an overview of possible changes regarding the number of Funds and Investments Manager once the investment funds had been pooled/ under the management of Brunel Pension Partnership Ltd, and it was noted that the Pensions Committee would choose which of the available 25 funds it wished to invest in but the management of those 25 funds would be decided by Brunel;
- There was a brief discussion about what might be done to protect the Fund from any future stock market crash and/or down turn in performance.

12 Any Other Urgent Business – agenda item 12

After ascertaining that there were no other items of business the Chair thanked all those present for attending and closed the meeting at 11:52 wishing everyone a Merry Christmas and a Happy New Year.

(The meeting ended at 11.52am)

**Mark Healey
Chair – Pensions Board**

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Business Plan Update

<i>Lead Officer:</i>	Kevin Nacey: Director of Finance and Performance
<i>Author:</i>	Anton Sweet: Funds and Investments Manager
<i>Contact Details:</i>	(01823) 359584 asweet@somerset.gov.uk
<i>Cabinet Member:</i>	Not applicable
<i>Division and Local Member:</i>	Not applicable

1. Summary

- 1.1 To update the Board's forward work-plan and agree topics for consideration at future meetings.

2. Issues for consideration

- 2.1 The Board should indicate what they would like to consider at meetings during 2018 beyond standard items, specifically for the June 2018 meeting.

3. Background

- 3.1 To help manage the workload of the Board and allow officers to properly plan for and produce the necessary papers it is a practical necessity for the Board to adopt and populate a work-plan.

4. Consultations undertaken

None

5. Financial Implications

None

6. Background Papers

None

Note For sight of individual background papers please contact the report author.

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LGPS Pooling of Investments

<i>Lead Officer:</i>	Kevin Nacey: Director of Finance and Performance
<i>Author:</i>	Anton Sweet: Funds and Investments Manager
<i>Contact Details:</i>	(01823) 359584 asweet@somerset.gov.uk
<i>Cabinet MEMBER:</i>	Not applicable
<i>Division and Local Member:</i>	Not applicable

1. Summary

- 1.1 Under guidance published by the Government on “LGPS: Investment Reform Criteria and Guidance” in November 2015 we are required to work towards the pooling of the Fund’s investment assets with other LGPS funds with pooling beginning in April 2018.
- 1.2 For the purposes of pooling SCC has aligned itself with 9 other funds in South West England and is working with those funds to create an FCA regulated investment Company, Brunel Pension Partnership Ltd. (BPP).

2. Issues for consideration

- 2.1 The report is for information only.

3. Progress in Brunel company set-up

- 3.1 BPP moved into their offices at 101 Victoria Street Bristol on 9th October.
- 3.2 State Street Bank and Trust Company have been appointed as the administrator/custodian by BPP. 7 of the 10 partner funds has transitioned their custody assets to State Street and the next tranche of transfers are due in April.
- 3.3 Recruitment continues with 8 appointments remaining to be made to complete the staffing structure.
- 3.4 The process for obtaining FCA regulation is continuing. The application was submitted in September with a standard turnaround of 6 months.
- 3.5 The process for appointing an external manager to manage the passive portfolios is well advanced.

3.6 Subject to successful FCA regulatory approval BPP remain on track to meet the Government's target of starting to manage client Fund's assets from spring 2018.

4. Consultations undertaken

4.1 Both the Pensions Committee and the Pensions Board have been consulted regularly as part of the project process of reaching this point

4.2 An overview briefing on the project was provided to the Fund's Employers meeting in September 2016.

4.3 The Full Somerset County Council meeting received a paper on the pooling at its meeting on 30th November 2016.

5. Financial Implications

5.1 It is anticipated that the Brunel Pensions Partnership will allow the fund to make significant saving over time with the Somerset County Council Pension Fund estimated to make savings of £27.8m in the period to 2036 after costs. A significant portion of the likely costs are front loaded and it is anticipated that the Somerset Fund will breakeven in 2024.

5.2 By definition these are forecasts and there are significant risk to their timing and delivery. They are based on a core set of assumptions and actual savings could be significantly greater or smaller over time.

6. Background Papers

6.1 None

Note For sight of individual background papers please contact the report author.

SOMERSET COUNTY COUNCIL PENSION FUND

PENSION BOARD

MEETING WORKPLAN - 2017 to 2018

Date	Proposed Items of Business	Lead Officer
24-Jul-18	<p><u>FORMAL MEETING</u></p> <p>1. Business Plan Update To consider progress against the Board's approved work-plan.</p> <p>2. LGPS Pooling of Investments Report to provide an update on progress on pooling of investments as per government guidance.</p> <p>3. Review of Pension Fund Risk Register To review the risks within the fund and form an appropriate risk register for the fund.</p> <p>4. Review of Pensions Committee papers To consider the most recent pensions committee papers and any arising matters</p> <p>5. Analysis of Receipt of Contributions from Employers To consider the process and timeliness of the collection of contributions from employers</p> <p>6. External Audit 2018 To consider the report of the External Auditor on the Fund's Annual Report and Accounts for 2017/2018.</p>	<p>AS</p> <p>AS</p> <p>AS</p> <p>AS</p> <p>AS</p> <p>GT</p>
21-Sep-18	<p><u>ANNUAL MEETING</u></p> <p>Annual Employers Meeting of the Pension Fund at Dillington</p>	

SOMERSET COUNTY COUNCIL PENSION FUND

PENSION BOARD

MEETING WORKPLAN - 2017 to 2018

Date	Proposed Items of Business	Lead Officer
27-Sep-18	<p><u>FORMAL MEETING</u></p> <p>1. Business Plan Update To consider progress against the Board's approved work-plan.</p> <p>2. LGPS Pooling of Investments Report to provide an update on progress on pooling of investments as per government guidance.</p> <p>3. Review of Pension Fund Risk Register To review the risks within the fund and form an appropriate risk register for the fund.</p> <p>4. Review of Pensions Committee papers To consider the most recent pensions committee papers and any arising matters</p> <p>5. Review of Benefit Administration Performance To consider the performance of Peninsula Pensions.</p>	<p>AS</p> <p>AS</p> <p>AS</p> <p>AS</p> <p>CT/RL</p>
20-Dec-18	<p><u>FORMAL MEETING</u></p> <p>1. Business Plan Update To consider progress against the Board's approved work-plan.</p> <p>2. LGPS Pooling of Investments Report to provide an update on progress on pooling of investments as per government guidance.</p> <p>3. Review of Pension Fund Risk Register To review the risks within the fund and form an appropriate risk register for the fund.</p> <p>4. Review of Pensions Committee papers To consider the most recent pensions committee papers and any arising matters</p>	<p>AS</p> <p>AS</p> <p>AS</p> <p>AS</p>

SOMERSET COUNTY COUNCIL PENSION FUND

PENSION BOARD

MEETING WORKPLAN - 2017 to 2018

Date	Proposed Items of Business	Lead Officer
21-Mar-19	<p><u>FORMAL MEETING</u></p> <p>1. Business Plan Update To consider progress against the Board's approved work-plan.</p> <p>2. LGPS Pooling of Investments Report to provide an update on progress on pooling of investments as per government guidance.</p> <p>3. Review of Pension Fund Risk Register To review the risks within the fund and form an appropriate risk register for the fund.</p> <p>4. Review of Pensions Committee papers To consider the most recent pensions committee papers and any arising matters</p> <p>5. Review of Benefit Administration Performance To consider the performance of Peninsula Pensions.</p> <p>6. Pension Fund Audit Plan for 2017/2018 To consider the Audit Plan as drafted by the Fund's External Auditor</p>	<p>AS</p> <p>AS</p> <p>AS</p> <p>AS</p> <p>CT/RL</p> <p>GT</p>

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Review of Pension Fund Risk Register

<i>Lead Officer:</i>	Kevin Nacey: Director of Finance and Performance
<i>Author:</i>	Anton Sweet: Funds and Investments Manager
<i>Contact Details:</i>	(01823) 359584 asweet@somerset.gov.uk
<i>Cabinet Member:</i>	Not applicable
<i>Division and Local Member:</i>	Not applicable

1. Summary

- 1.1 The Pension Board have requested that a review of the risk register is a standing item on the agenda for each meeting.

2. Issues for consideration

- 2.1 The paper is for information only.

3. Changes since last meeting

- 3.1 Some of the commentary in the “additional information and commentary column” has been refreshed. There have been no changes to the risks or the risk scoring.

4. Background

- 4.1 Risk management is central to the management of the Pension Fund as reflected by the coverage of risk in key documents such as the Funding Strategy Statement and the Statement of Investment Principals. The risk register allows for consideration of all of the fund’s risks in a single document.
- 4.2 Guidance issued by CIPFA on the application of the Myner’s Principles in the LGPS in 2010 indicated that the creation and adoption by Pensions Committees of a risk register was best practice.

4.3 The current risk register is attached as appendix A and has been prepared using the Somerset County Council risk framework and scoring methodology

5. Consultations undertaken

None

6. Financial Implications

6.1 No direct implications

7. Background Papers

None

Note For sight of individual background papers please contact the report author.

Somerset County Council Pension Fund Risk Register - March 2018

1. Risk Ref No: 2. Senior Risk Owner:	Description of Risk	Control measures already in place	Current Risk Score (with known controls in place)		Combined score	Additional mitigating actions/control measures planned to achieve target score	Target Risk score		combined score	Additional Control measure owner	Target Date	commentary following review, inc. date	Additional Information and explanation
			L	I			L	I					
1. PF1 2. Anton Sweet	The pension fund has insufficient available cash to meet its immediate (next 6 months) liabilities.	Cash flow forecasting of TM function. Monthly review of asset allocation and cash levels	2	4	8		2	4	8		on-going with quarterly review		
1. PF2 2. Pensions Committee Page 23	The pension fund has insufficient available assets to meet its long term liabilities.	Funding Strategy Statement Investment Strategy Statement	3	5	15	The triennial valuation includes provision for restoring the fund to full funding over 25 years The current risk score partly reflects that the fund was 77% funded at the last valuation. An improvement in the funding level will reduce the likelihood of the risk occurring at some point in the future	2	5	10		Review again at next Valuation - 2019		This risk encapsulates the purpose of the fund in trying to always have sufficient assets to meet uncertain future liabilities with a pool of assets with uncertain future investment performance. There is also the need to balance the funding needs of the fund with the desire to keep contributions as low and constant as possible.
1. PF3 2. Stephen Morton	The insolvency of an employer places additional liabilities on the fund and ultimately the remaining employers.	Admission agreements Guarantee bonds	3	3	9	Ensure the on-going suitability of the guarantees in place with a review after each formal valuation Review of actuarial results to consider employer specific funding ratios and employer 'Hot Spots'	2	2	4	Stephen Morton	on-going with quarterly review		Hot Spots' refers to employers whose benefits in payment exceed their contributions in a given period.
1. PF4 2. Kevin Nacey	Vulnerability to long-term staff sickness and staff turn-over, especially for higher graded posts.	None, other than experience of other staff within the sections	3	3	9		2	3	6		on-going with quarterly review	Updated to include positive impact of pooling September 2016	Shared service with Devon makes this less of an issue with respect to benefits administration staff. The move to pooling of investments should make the fund less reliant on a small number of internal officers

Somerset County Council Pension Fund Risk Register - March 2018

1. Risk Ref No: 2. Senior Risk Owner:	Description of Risk	Control measures already in place	Current Risk Score (with known controls in place)		Combined score	Additional mitigating actions/control measures planned to achieve target score	Target Risk score		combined score	Additional Control measure owner	Target Date	commentary following review, inc. date	Additional Information and explanation
			L	I			L	I					
1. PF5 2. Kevin Nacey	Reliance on bespoke IT, which is exacerbated by a lack of experience of these bespoke systems within SCC IT support	As IT systems are refreshed or replaced build in support mechanisms	3	4	12		2	3	6		on-going with quarterly review		Shared service with Devon makes this less of an issue with respect to benefits administration IT. Pooling will also remove the need for some systems.
1. PF6 2. Pensions Committee	Risk of Regulatory change: - Implementation of change risks - Consequences of change risks	Continuous engagement with MHCLG and other interested stakeholders	4	4	16		2	3	6		on-going with quarterly review		The dictated change to pooling of investment arrangements and implementation of this presents a significant risk to the scheme.
1. PF7 2. Stephen Morton	Failure of Benefits Administration to perform their tasks, specifically leading to incorrect or untimely benefits payment.	Internal audit coverage Annual report to committee with feedback from stakeholders Internal procedures and checks	3	3	9		2	3	6		on-going with quarterly review		The greater resilience gained from the Peninsula Pensions shared service has been balanced by greater complexity coming into the scheme benefits.
1. PF8 2. Pensions Committee	Failure of Pensions Committee to manage the fund effectively	Policies and procedures adopted by pensions committee, specifically the committee training policy	3	4	12		2	4	8		on-going with quarterly review	Updated June 2017 to reflect turnover of Committee following County Council elections	
1. PF9 2. Anton Sweet	Insolvency of the fund's Global Custodian	Fund's assets held in client accounts not as assets of the custodian	2	4	8		2	4	8		on-going with quarterly		The designation of the fund's assets as client assets ensures that they cannot be appropriated by creditors of the Custodian bank in the case of that entity going into administration.

Somerset County Council Pension Fund Risk Register - March 2018

1. Risk Ref No: 2. Senior Risk Owner:	Description of Risk	Control measures already in place	Current Risk Score (with known controls in place)		Combined score	Additional mitigating actions/control measures planned to achieve target score	Target Risk score		combined score	Additional Control measure owner	Target Date	commentary following review, inc. date	Additional Information and explanation
			L	I			L	I					
		Review of credit worthiness and inherent business risk of custodian at tender phase			8						quarterly review		As a result we should be able to recover substantially all of the assets of the fund held in custody but there would be considerable administrative and liquidity disruption
1. PF10 2. Pensions Committee	Failure of Brunel to deliver either Fee savings or investment performance	Representation on the Brunel Client Group and Oversight Board.	2	4	8			2	4	8		on-going with quarterly review	Added as per Committee request at September 2017 meeting.

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Review of Administration Performance

<i>Lead Officer:</i>	Kevin Nacey: Director of Finance and Performance
<i>Author:</i>	Charlotte Thompson: Head of Peninsula Pensions
<i>Contact Details:</i>	(01392) 383000 charlotte.thompson@devon.gov.uk
<i>Cabinet Member:</i>	Not applicable
<i>Division and Local Member:</i>	Not applicable

1. Background

- 1.1 Our main service standard is to complete 90% of work within 10 working days once all necessary information has been received. This is monitored every month through our task management system which is an in-house performance tool within our pension database.
- 1.2 We also participate in the CIPFA Benchmarking Club which provides a yearly comparison of performance with other LGPS administration services. Approximately 50 LGPS Funds take part each year.

2. Issues for consideration

- 2.1 The Board note the report and actions being undertaken by officers to ensure compliance and best practice.

3. Administration team performance

- 3.1 As a whole the Team for 2016/17 issued 76% of work within target. For this financial year to date the team has issued 69% in target. The backlog of outstanding work has decreased by 25% since April 2017.
- 3.2 Since July 74% of priority work has been completed within target.
- 3.3 The table in Annexe A shows performance relating to the Somerset Fund only for this financial year.

4. CIPFA Benchmarking

- 4.1 Data is collected annually in various areas including membership analysis, Employer analysis, quotations and charges, costs and administration performance.
- 4.2 This enables informed comparisons to be made of the net cost per member, payroll cost per pensioner, number of members per admin FTE and also highlights differences of approach.
- 4.3 In November 2017 we received the Final report for 2016/17 year. The key performance indicator that we obtain from this report is the cost per member. This year it has come out at £16.06 compared to the average of £20.14.
- 4.4 Our CIPFA performance results for 2016/17 showed improvements across all areas, with above average achievement in all except deferred benefits where we dipped slightly below.

Process	Target	Our achievement	CIPFA average
Transfer in	10 days	93.4%	87.2%
Transfer out	10 days	93.4%	86.5%
Letter notifying actual retirement benefits	5 days	98.4%	93.4%
Letter notifying estimated retirement benefits	10 days	93.8%	92.8%
Letter acknowledging death	5 days	100.0%	96.1%
Refunds	5 days	97.0%	93.8%
Letter notifying dependants benefits	5 days	95.3%	89.9%
Deferred	10 days	82.4%	83.8%

- 4.5 Areas to improve on include outstanding leavers unprocessed/in progress and investing in staff by increasing qualification opportunities and reducing sickness absence.

5. Actions Implemented

- 5.1 Additional resource extended until 31st December 2018 whilst performance review concludes and outcome implemented.
- 5.2 New workflow tools have been introduced and team focusing initial efforts on getting all priority work up to date. Outstanding priority work is generally now always within 10 days old.
- 5.3 Annual employer meetings took place in January and positive engagement and feedback received.

5.4 Employers approaching us for Scheme member talks increasing and the feedback received has shown these events are very successful at improving scheme members' understanding.

6. Conclusion

6.1 We are continuing to work with scheme employers towards improving our performance and in turn provide an excellent service to all our stakeholders.

7. Background Papers

7.1 None

Note For sight of individual background papers please contact the report author.

Summary of completed work 1st September 2017 to 31st January 2018

	Within target	Over target	Total	Success rate
Priority Procedures	1,189	260	1,449	82%
Non-Priority Procedures	5,809	2,205	8,014	72%

Priority

	Within target	Over target	Total	Success rate
Death	166	39	205	81%
Employer estimates	128	2	130	98%
Priority general post	338	71	409	83%
LGPS retirements	307	109	416	74%
Deferred benefit retirements	247	38	285	87%
Total	1,189	260	1,449	82%

Non-Priority

	Within target	Over target	Total	Success rate
Amalgamation of records	76	188	264	29%
Additional voluntary contribution calculations	167	37	204	82%
Deferred benefit calculations (including recalculations)	265	481	746	36%
Divorce calculations	76	2	78	97%
Frozen refunds	129	329	458	28%
Other member estimates	55	98	153	36%
Non-priority general post	4,112	889	5,001	82%
Payroll adjustments	507	2	509	100%
Refunds	77	1	78	99%
Retirement estimates	309	53	362	85%
New starters	10	0	10	100%
Transfer values in	5	31	36	14%
Transfer values out	21	94	115	18%
Total	5,809	2,205	8,014	72%

Outstanding Work 19th February 2018

Priority

	Total	Reply due	Outstanding
Death	6	0	6
Employer estimates	14	5	9
Priority general post	32	7	25
LGPS retirements	20	12	8
Deferred benefit retirements	8	3	5
Total	89	27	62

Non Priority

	Total	Reply due	Net outstanding
Amalgamation of records	1,685	273	1,412
Additional voluntary contribution calculations	45	21	24
Deferred benefit calculations (including recalculations)	542	77	465
Divorce calculations	4	1	3
Frozen refunds	456	72	384
Non-priority general post	439	252	187
Payroll adjustments	7	1	6
Refunds	9	0	9
Retirement estimates (includes member and other estimates)	172	24	148
New starters	0	0	0
Transfer values in	324	43	281
Transfer values out	243	29	214
Total	3,917	793	3,124

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Proposed Dates For Future Board Meetings

<i>Lead Officer:</i>	Kevin Nacey: Director of Finance and Performance
<i>Author:</i>	Anton Sweet: Funds and Investments Manager
<i>Contact Details:</i>	(01823) 356854 asweet@somerset.gov.uk
<i>Cabinet Member:</i>	Not applicable
<i>Division and Local Member:</i>	Not applicable

1. Summary

- 1.1 It is customary to agree meeting dates for the following calendar year at the March meeting annually. Officers believe that this course aids all stakeholders to ensure the dates are kept clear and therefore propose to continue with these arrangements.

2. Issues for consideration

- 2.1 The Committee is asked to approve the following proposed dates for 2019:-
- Thursday 21st March 2019 at 10.00 am at County Hall, Taunton
 - Tuesday 23rd July 2019 at 10.00 am at County Hall, Taunton
 - Annual Meeting, Morning of Friday 20th September 2019, arrangements TBC
 - Thursday 26th September 2019 at 10.00 am at County Hall, Taunton
 - Thursday 19th December 2019 at 10.00 am at County Hall, Taunton

3. Background

- 3.1 The Committee is expected to meet at least quarterly.

4. Consultations undertaken

None

5. Financial Implications

- 5.1 None

6. Background Papers

None

Note For sight of individual background papers please contact the report author.

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