

Scheme Advisory Board Primary Performance Indicators

No	Key Indicator	Examples of Levels of Concern	Examples of good practice for high performing fund	Fund Score	Evidence and Comments
1	Risk management	No or only partial and / or unclear risk register with no or poorly specified or un-implemented mitigation actions over time leading to increased fund risk. No evidence of risk register being:	Comprehensive risk register covering the key risks (in accordance with current CIPFA guidance) with prioritisation, robust mitigation actions, defined deadlines, with action tracking completion.	1	Draft risk register follows this methodology.
		a) Prioritised	a) risks prioritised on a RAG red, amber, green or by a scoring methodology	0	Risk register in draft only
		b) annually reviewed by Pensions Committee	b) completed actions signed off by Pensions Committee after at least an annual update.	0	Risk register in draft only
		c) annually reviewed by internal or external audit	c) annual review by internal and external audit	1	Only two high priority risks in draft register
		d) used to reduce high risk	d) less than three priority / red risks	0	Risk register in draft only
		e) available for public scrutiny	e) Public disclosure of a summary version published on fund website or in fund annual report. Score 1 point for each one		
2	Funding level and contributions	a) Decreased funding level (calculated on a standardised and consistent basis) and / or in bottom decile of LGPS over the last three triennial valuations on a standardised like for like basis.	a) Funding level rising and getting closer to 100% funded (or above) over the last three triennial valuations on a standardised like for like basis. Funding % - 91 to 100 = score +5, 80-90= +4, 70-70= +3, 60-69 = +2, less than 59 = +1	2	For fund as a whole? For council at the last two reported funding levels of 69% and 70%. Funding levels constant.
		b) No or minimal employer funding risk assessment and monitoring and not reported to Pensions Committee.	b) Employer funding risk assessment and monitoring reports to Pension Committee.	0	Employer risk assessments completed for 50% of employers and communicated to the Actuary.
		c) Total actual contributions received in the last 6 years less than that assumed and certified in last two triennial valuations.	c) Total actual contributions received in the last 6 years less than that assumed and certified in last two triennial valuations.	?	To be confirmed with the Actuary.
		d) Net inward cash flow less than benefit outgoings so need for any unplanned or forced sale of assets	d) Net inward cash flow less than benefit outgoings.	1	Yes. Benefits and contributions broadly in line. When income is added, cashflows strongly positive.
			Score - 1 point for each		

3

Deficit Recovery

a) No or opaque deficit recovery plan.

a) transparent deficit recovery plans for tax raising and non-tax raising bodies

1

A schedule is produced for each employer indicating the deficit recovery period.

b) lengthening implied deficit recovery period for contributions

b) implied deficit recovery period reducing at each valuation.

0

Stable at 20 years.

c) Implied deficit recovery periods > 25 years for last three valuations.

c) Implied deficit recovery period is less than 15 years for last three valuations.

0

20 year deficit recovery plan.

Score 1 point for each.

4

Investment returns

a) required future investment returns as calculated by the actuary are consistent with and aligned to the investment strategy so higher likelihood of the fund meeting its funding strategy.

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1

The actuary uses the investment strategy to determine that there is a prudent probability of the deficit being eliminated.

b) Actual investment returns consistently exceed actuarially required returns.

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1

The 3, 5 and since inception average returns at 31 Dec 2015 of 9.63%, 7.70% and 7.82% exceed those assumed in the actuarial valuation.

Score 1 point for each.

Scheme Advisory Board Secondary Key Performance Indicators

No	Key Indicator	Examples of Levels of Concern	Examples of good practice for high performing fund	Fund Score	Evidence and Comments
5	Pension Committee member competence	Appointees unclear of statutory role and unable to clearly articulate the funds funding and investment objectives. No evidence of: a) different employer types and no or minimal scheme member representation. b) No training needs analysis or training strategy or training log or use of CIPFA LGPS training framework c) No training recover disclosure d) Self assessment	Appointees understand their statutory role and are able to clearly articulate the funds funding and investment objectives. a) representatives on Committee of different employer and employee types. b) annual training plan recorded against CIPFA's knowledge and understanding framework. c) annual training records disclosed in the annual accounts. d) annual self - assessment of training undertaken and identification of future needs. Score 1 point for each.	1 0 0 0	Non voting at the moment, but Joint Committee and Board will extend voting rights. Training Policy agreed in 2013 but no annual training plan has been documented. No. No.
6	Administering authority staff accountability, leadership, experience and training	a) No or only part time Head of Fund and or only part time officers b) No or little induction or no on-going training provision or experience recorded on the adoption of CIPFA LGPS knowledge and understanding framework.	a) Experienced Head of Fund with full time dedicated officers with at least three years experience. b) staff undertake regular CIPFA LGPS TKU or other CPD training recorded across all LGPS skills (governance, benefits administration, funding, investments and communications) Score 1 point for each.	0 1	Although officers are experienced they undertake treasury in addition to pensions activities. Training undertaken via seminars and also using TPR on line training.
7	Statutory Governance standards and principles (as per DCLG and TPR Codes)	Several key areas of non-compliance with: a) DCLG LGPS Statutory Guidance b)TPR Guidance and codes c) No, little or poor key decision taking records and no or poor self, or scheme employers or scheme members assessment of overall fund effectiveness.	a) Full Compliance with DCLG LGPS statutory guidance b) Full compliance with TPR guidance and codes for public sector pension schemes. c) Meet or exceed other LGPS best practice on recording all key decision taking and annual self, scheme employers, scheme members assessment of effectiveness. Score 1 point for each.	? 0 0	To be confirmed. Progress on achieving full compliance to be reported to April meeting. No self assessment undertaken.
8	Quality and accessibility of information and statutory statements, strategies, policies (governance, FSS, SIP, Communications, admin authority and employer discretion policies)	a) Statutory publications not all in place or published on fund web site or updated in accordance with regulatory requirements and due timelines. b) Fund and employers discretions not published. c) Do not seek to meet any recognised 'Plain English' or e-publishing standards.	a) Statutory publications all in place and published on fund web site and updated in accordance with regulatory requirements and due timelines. b) Fund and employers discretions published. c) Meet 'Plain English' or and or other recognised e-publishing standards. Score 1 point for each.	1 1 ?	All provided for loading on to the Hymans' sponsored member web site The Council's discretions policy is published. Those for other employers are their responsibility. Publications follow a Hyman's template widely used by LGPS funds.

9	Adoption and report compliance with Investment Governance Principles (IGP) (was Myners Principles) and voluntary adoption / signatory to FRC Stewardship Code and UNPRI	No or un-explained non-compliance and /or support of a) IGP b)UK Stewardship Code c)UN PRI	a) 100% compliance with IGP b) adoption and public reporting of compliance against the FRC UK stewardship Code. c) External managers or fund are PRI signatories. Score 1 point for each.	1 0 1	We report full compliance No. All managers are PRI signatories - check CQS
10	Historic investment returns (last 1,3, 5) and total investment costs compared to other LGPS funds.	a) overall fund investment returns (net of fees) for last 1,3 and 5 years bottom two quintiles. b)Retain fund managers under performing their benchmarks for two triennial valuation cycles. c) Fund does not benchmark its fund managers and total investment costs relative to other LGPS funds.	a) overall fund management returns (net of fees) or last 1,3 and 5 years. Top quarter score 5 points. 2nd quarter 3 points, 3rd quarter 0 points and 4th quarter -3 points. b) Greater than 75% of fund managers deliver target performance over rolling three years periods. Score 1 point. c) Fund benchmarks its fund manager and total investment costs. Score 1 point	? 1 1	To be completed As at December 2015, three of the four active managers (CBRE, Pantheon & Allianz report above benchmark returns with only CQS reporting below benchmark returns. Annual comparison reported to Committee as part of the annual accounts.
11	Annual report and audited accounts	a) Do not fully meet some regulatory requirements or CIPFA LGPS guidance. b) Not published in Admin Authority Accounts by 1st October. c) Published on SAB website after 1st November	a) Meet all regulatory requirements and CIPFA LGPS guidance. b) Published in Admin Authority Accounts by 1st October. c) Published on SAB website before 1st November Score 1 point for each	1 1 0	Yes Yes Not in 2015.
12	Scheme membership data	a) Common data does not meet TPR standards. b) Conditional data do not meet the TPR standards. No plans in place to rectify this.	a) Greater than 99% of common data meets TPR quality and due date standards. b) Greater than 95% of conditional data meets the TPR quality and due date standards. Plans in place to improve this. score 1 point for each.		To be confirmed To be confirmed
13	Pension queries, pension payments and annual benefit statements	a) No or poor website with no scheme member or employer access. b) ABS do not meet regulatory requirements or due timelines for issuance.	a) Good website with interactive scheme member and employer access. b) ABS meets or exceeds regulatory requirements and due timelines for issuance. Score 1 point for each.	1 0	Haringey utilise a Hymans hosted web site We are working to ensure that the difficulties experienced in 2015 do not re-occur in 2016.
14	Cost efficient administration and overall value for money fund management.	a) In bottom quartile with high total admin costs pa per member (based on CIPFA or other benchmarking tool). b) Not in any national or regional frameworks for any externally procured services or collective investments.	a) In top quartile with low total admin costs pa per member (based on CIPFA or other benchmarking tool). b) Lead or actively participates in collaborative working and collective LGPS procurement, shared services or CIV. Score one point for each.	1	To be confirmed. Used frameworks for advisor appointments and active member of London CIV.

15	Handling of formal complaints and IDRP	a) Any Pensions Ombudsman determinations and any appeals or fines were against the action of the fund (not employers)	No stage 2 IDRP and no Pensions Ombudsman finding against <u>the fund's</u> actions in the last three years. Score one point	1	No items to report.
16	Fraud Prevention	No or minimal systems / programme or plan or mechanism in place to: a) Prevent fraud b) detect fraud c) detect pension overpayment due to unreported deaths.	a) Fraud prevention programme in place. b) Use external monthly, quarterly or annual mortality screening services. Score one point for each.	0 1	Required documenting. Monthly screening used
17	Internal and external audit	a) No annual internal audit or qualified internal and external audit opinions. b) Urgent management action recommended on high / serious risk. c) Only moderate or low level of assurance and a number of high priority action recommendations.	a) Unqualified annual internal audit report with no or only low priority management action. b) Unqualified annual external audit report with no or only low priority management action. c) Full or substantial assurance against all key audit areas with no high risk recommendation. score 1 for each	1 1 1	Full assurance in most recent internal audit reports. No recommendations in last external audit report. Full assurance in most recent internal audit reports.
18	Quality assurance	No evidence of: a) quality management system b) externally reviewed publications. c) externally approved website accessibility d) any awards	a) Fund has formal quality management external certification. b) Crystal Mark for plain English for publications. c) Externally approved web site accessibility. d) pensions & investment recognition awards. Score 1 for each.	0 ? 1 0	no. Check with Hymans. Yes Not entered any competitions!