

| Bath & North East Somerset Council | | | |
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| MEETING: | AVON PENSION FUND COMMITTEE | AGENDA ITEM NUMBER | 10 |
| MEETING DATE: | 27 MARCH 2015 | | |
| TITLE: | PENSIONS ADMINISTRATION STRATEGY | | |
| WARD: | 'ALL' | | |
| AN OPEN PUBLIC ITEM | | | |
| List of attachments to this report: | | | |
| Appendix 1 - Draft Pensions Administration Strategy | | | |
| Annex 1 | Legislative Framework | | |
| Annex 2 | Communications Policy Statement | | |
| Annex 3 | ICT Strategy | | |
| Annex 4 | Performance Standards | | |
| Annex 5 | Customer Service Charter | | |
| Annex 6 | Schedule of Additional Admin Charges | | |

1 THE ISSUE

The Avon Pension Fund ("the Fund") has revised its 2011 Administration Strategy to include a more detailed ICT Strategy and also to ensure the Governance and administration requirements of the Pension Regulator are properly addressed as they fall to the Fund and Employers.

The Strategy will need to be formally consulted upon with Employers as required by the Regulations and it is proposed to do this in the first quarter of the 2015 financial year. The Committee is asked to approve the Strategy to become effective from June 2015.

RECOMMENDATION

- 1.1 That the Committee approves the following:-
- 1.2 The draft Communications Policy Statement
- 1.3 The draft ICT Strategy
- 1.4 The draft Performance Standards
- 1.5 The draft Customer Service Charter
- 1.6 The draft Schedule of Additional Admin Charges
- 1.7 That the Committee approves the draft Pensions Administration Strategy and annexes for the Avon Pension Fund for consultation with Employers
- 1.8 The Committee delegates responsibility for responding to the consultation responses to Officers to enable effective implementation of the Strategy from 1st June 2015

2. FINANCIAL IMPLICATIONS

- 2.1 Employers who participate in the Avon Pension Fund are charged for the cost of administration of the Fund by an allowance of 0.4% in their pension contribution rate. This is a flat-rate amount and takes no account of the amount of administration work necessary for each Employer which is impacted upon its level of performance. The Strategy will allow the Fund to make an additional monetary charge to Employers to cover its costs where the amount of administrative work carried out is disproportionate to other employers.
- 2.2 Any statutory fine levied on the Fund for a breach of its responsibilities which is a direct result of poor administration by an Employer will be passed on to that Employer.

3. THE ISSUE: THE REVISED PENSIONS ADMINISTRATION STRATEGY DOCUMENT

- 3.1 The purpose of the revised Administration Strategy is to continue progress towards a seamless pension service, employing appropriate technology and best practice which both significantly improve the quality of information and the speed with which it is processed, to provide better information for Employers and stakeholders and a more efficient service to Fund members.
- 3.2 The Strategy recognises that significant work will need to be undertaken in achieving the Pension Regulator's compliance requirements and both the Fund and its Employers will need to work in partnership to meet this challenge.
- 3.3 A consultation process will be undertaken with Employer's over the next two months inviting comments on the draft Strategy. It is recommended that officers determine any subsequently amendments and report any changes to the Committee at its next meeting in June 2015.
- 3.5 Key to the success of the Strategy are the IT Strategy proposals which will deliver high quality, efficient and integrated digital services to employers and members in an increasingly regulated and financially complex environment. In addition, significant development to the website will broaden service access across a range of social media applications and devices.
- 3.6 Performance targets for both Employers and the Fund reflecting the Pensions Regulator's requirements will be set out in revised Service Level Agreements and agreed with Employers. Performance reporting will be revised and continue to be discussed with Employers at regular Performance / SLA review meetings and similarly reported to this Committee.
- 3.7 Poor performance by an employer would be flagged up by these reports and the Review meetings will enable Employers and the Fund to work together to resolve any problem areas and to improve performance. Where the Fund identifies poor quality or missing data it will put a data improvement plan in place to address these issues.
- 3.8 If however poor performance continues the Fund, under legislation, has the opportunity to charge an Employer additional costs, if the work carried out for it is disproportionate to that for other Fund Employers. This will be used only as a last resort following an Employer's *continuing failure* to improve. Also If the Fund is *fined* for any breach of its legal responsibilities which is as a direct result of an employer's poor performance (e.g.

not providing information or providing incorrect information) the Fund has the power to and does intend to pass on any such fine to the Employer concerned.

3.9 The Committee is asked to approve the revised Pension Administration Strategy which will then be consulted on with Fund Employers in April 2015 to become effective from 1st June 2015.

4 RISK MANAGEMENT

4.1 This report contains only recommendations to note - no risk assessment is therefore necessary.

5 EQUALITIES

5.1 No equalities impact assessment is required.

6 CONSULTATION

6.1 Consultation has taken place with all Fund Employers as described in this report.

7 ISSUES TO CONSIDER IN REACHING THE DECISION

7.1 The issues to consider are contained in the report.

8 ADVICE SOUGHT

8.1 The Council's Monitoring Officer and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

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