

BATH AND NORTH EAST SOMERSET

PENSION BOARD

Wednesday, 12th June, 2024

Present:- Nick Weaver (Chair), Helen Ball, Stuart Anstead and Alison Wyatt

Also in attendance: Liz Woodyard (Group Manager for Funding, Investment & Risk), Anna Capp (Pensions Payroll Manager), Claire Newbery (Pensions Operations Manager), Carolyn Morgan (Governance and Risk Advisor), Nicky Russell (Technical & Compliance Advisor) and Charlotte Curtis (Governance & Risk Officer)

1 EMERGENCY EVACUATION PROCEDURE

The Chair welcomed everyone to the meeting and asked the Democratic Services Officer to read out the Emergency Evacuation Procedure.

2 APOLOGIES FOR ABSENCE

The Democratic Services Officer informed the Board that apologies had been received from Steve Harman (Employer Representative), Nick Dixon (Head of Pensions) and Jeff Wring (Director of Financial Services, Assurance & Pensions).

3 DECLARATIONS OF INTEREST

There were none.

4 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

5 ITEMS FROM THE PUBLIC

There were none.

6 ITEMS FROM MEMBERS

There were none.

7 MINUTES OF PREVIOUS MEETING: 20TH FEBRUARY 2024

The Board approved the minutes of the previous meeting and they were duly signed by the Chair.

8 INVESTMENT STRATEGY STATEMENT 2024

The Group Manager for Funding, Investment & Risk introduced the report to the Board. She explained that regulations state that the Investment Strategy Statement (ISS) must be kept under review and revised from time to time, particularly when there is a material change in risk and reviewed at least every three years.

She informed the Board that the latest ISS was reviewed by the Pensions Committee in March 2024 at the conclusion of the investment strategy review.

She highlighted the following changes that have been made to the investment strategy.

- Revised climate targets to support the assets aligning with Net Zero by 2045 – including short to medium targets to reduce emissions and divest (by 2030) from companies that are not aligning with the Paris Agreement.
- Reduction in the Equity Protection Strategy hedge ratio from 100% to 50% - to provide significant downside protect but participate more in rising markets (to reduce the drag on equity returns over the long term).

Stuart Anstead asked if any further comment could be made on the Digital Strategy that was referenced in section 9.1 of the report.

The Group Manager for Funding, Investment & Risk replied that the Pension Fund as a whole was moving to a more online enabled service.

The Pensions Operations Manager added that this was a part of the whole Administration Strategy and explained that this was due to be rewritten later in the year.

The Board **RESOLVED** to agree that the Investment Strategy Statement complies with the LGPS Regulations 2016 and guidance and they had no additional comments for the Avon Pension Fund Committee.

9 PENSION FUND ADMINISTRATION - PERFORMANCE REPORT

The Pensions Operations Manager introduced the report to the Board and the following points were highlighted from it.

- Recruitment for the two key posts of Employer Services Manager and Member Service Manager are under way.
- McCloud: Awaiting guidance from the Scheme Advisory Board (SAB) with respect to the application of the McCloud remedy. This is now expected to be issued following the General Election (4th July). Early reporting suggests the fund has c1,000 members that will require the remedy.
- GMP: The fund is in the final stages of reviewing the Mercer closure report for member reconciliation. 5,150 remain outstanding as “stalemate cases” out of a population of 91,369 members, (a reduction of 8,916 previously reported to

the Board in February 2024). The review will aim to be completed in July and we plan to bring recommendations to Board & Committee in September.

- **Process Controls:** The fund is working with an external consultancy company to carry out a piece of work to map and review existing processes and relevant controls. The initial project will review the top 15 processes based on risk. The review is due to complete at the end of June and a full report will be brought to Board in September.

The Chair asked to what extent could officers see Altair taking steps to improve some of the controls or how they will use their best practice guidance to attempt to improve processes.

The Pensions Payroll Manager replied that Heywood's have a core product and that when a new release occurs, the guidance notes relate to that specific moment in time. She added that there is a 'Help' function within the product and that if you know enough about what you are looking for you could find some best practice guidance.

The Chair said that he believed that as they support around 60 Funds they should act as more of a conduit to help finding solutions.

The Pensions Operations Manager commented that she and other officers would be attending an AGM next month and hoped to have further discussions on this matter. She added that previously she had asked for a core leaver form to be created for employers to directly access and was told that it would not be possible as every fund would want different elements included within the form.

Stuart Anstead commented that he would expect there to be a number of possibilities to use AI in some way that would help with processing mainstream tasks.

The Chair referred to GMP and asked that when the analysis takes place for the Fund to consider whether they do implement any possible reductions or simply find a way of identifying / quantifying it, so as to not then pay any beneficiaries and therefore know it is a true cost, rather than the likely upset it would cost if the money were to be removed.

The Pensions Operations Manager said that she was in agreement with that sentiment, but there was still a process for the Fund to go through.

- 2024-year end is ongoing with data being validated from employers. The fund is on track to complete its annual benefit statement obligations for 2024.

The Pensions Operations Manager gave an additional presentation to the Board, a copy of which can be found as an online appendix to these minutes and a summary is set out below.

Re-structure

- 45-day consultation began on 30th May 2024, ends 14th July 2024. New structure to create new teams – Digital Services, Member Contact Team & Payroll.
- Structure will create capacity for the operational teams and support for business change and digital transformation. Increasing from 83 to 94 FTE across APF, overall increase of 11 FTE, 8 within Operations.

The Chair asked how staff were feeling about the proposed changes and the culture behind supporting them through the process.

The Pensions Operations Manager replied that a large team meeting was held to announce the re-structure and ongoing support was available to staff to talk through any issues they may have. She added that Korn Ferry have provided evaluations on the old job descriptions and said that through the process of moving to role profiles a lot of the team were likely to see an increase in pay.

She said that the new structure would also open up more opportunities for promotion.

The Chair asked if staff were willing to make the changes work and understood why they were being proposed.

The Pensions Operations Manager replied that she thought that they were and that messages regarding the changes were included in their monthly updates and have been for some time. She said that it was an important step to take to enable services to be delivered in the future.

The Pensions Payroll Manager added that she felt that the teams are feeling engaged and that there was a sense of positivity overall, especially regarding pay and the formalising of roles.

Helen Ball asked when it would be known how many job vacancies will exist under the new structure.

The Pensions Operations Manager replied that this was likely to be towards the end of 2024.

McCloud – Pensions in-to payment from 1st October 2023 to 31st May 2024

- From 925 normal (from active or deferred) pensions 18 (2%) have had the underpin applied resulting in an annual uplift of £6,735 which equates to £561 monthly.
- From 204 dependant pensions there has been no need to apply the underpin.

SLA – Performance average June 23 to May 2024

- Figures are not improving much which is still due to the backlog of cases.

The Pensions Operations Manager explained to the Board that delays from individual fund members can lead to targets not being achieved and that this is not always within their control.

Stuart Anstead said that he felt that the Fund should be able to stop the clock in these particular scenarios.

Alison Wyatt asked if year end work has an effect on their performance figures.

The Pensions Operations Manager replied that it would not normally have too much of a detrimental effect.

KPI's - cases outstanding under 31 days

- 1,601 as at 2nd June 2024

KPI's - cases outstanding over 31 days

- 734 as at 2nd June 2024

Service performance – plan v's actual

- Good progress being made – deliver sooner if possible.

The Technical and Compliance Manager addressed the Board and provided them with an update on the Pensions Increase.

Phase 1 is complete

- Remediated 801 members using Retro PI process:
- 696 members paid arrears/interest and corrected their monthly pensions going forward (645 LGPS and 51 Teachers).
- 105 members fixed in readiness for 2024 PI.

Lessons learned - Phase 1

- We have improved our knowledge of the PI annual process. Heywood support has been invaluable and effective.
- Communication with the APF Committee, Pension Board, Council and within the APF project team has been constructive.
- We achieved the Phase 1 timeline within the hard deadline imposed by the 2024 PI run.

The Chair asked for clarification on the progress of the supplementary PI issue for lump sums.

The Technical and Compliance Manager replied that they were still awaiting confirmation from Heywood on a system fix, for it was an issue that affected all Heywood users. The Pensions Payroll Manager confirmed that the system fix was in the latest software release and was in the process of being tested.

Future Phases plan

- Population
 - Cases are more complex than Phase 1 and require deeper analysis.
 - Not all of population will require remediation.
- Approach
 - Technical Manager to lead project and will form part of teams BAU project work.
 - Likely to be more resource intensive for manual calculations.
 - Use full end-to-end bulk remediation process where possible – run smaller batches with similar profiles once analysis and any correction work complete.
- Aiming to address all cases by end 2024.

Stuart Anstead asked if checks would take place following manual calculations.

The Technical and Compliance Manager replied that they would.

The Chair said that members of the Board project group would be keen to learn progress in between meeting cycles and would be willing to help further, in terms of pragmatism -v- process.

The Board **RESOLVED** to note the service performance for the period ending 31st March 2024.

10 LEGISLATION UPDATE

The Technical and Compliance Manager introduced the report and highlighted the following points to the Board.

McCloud Judgement

A closed consultation on the draft McCloud Statutory guidance ran between March 2024 and April 2024. Generally, across the sector, a number of concerns have been raised on the issues of administrative burden, communication challenges, and consistency of treatment both within the LGPS and across the public sector. A response to the latest consultation is awaited, now expected to be delayed due to the General Election.

Codes of Practice / Good Governance

Following on from publication of the General Code of Practice in January 2024, this became effective on 28 March 2024.

Whilst a further consultation on the outcomes of the SAB's Good Governance project was expected in the summer, this may now be delayed due to the General Election.

The Chair asked if the Fund had needed to use consultants to assist them with the Codes of Practice.

The Governance & Risk Advisor replied that they have purchased a checking tool from Hymans. She added that they hope to complete this work by the end of the year if possible.

She also informed the Board that a workshop with Hymans for both Committee and Board members had been arranged for 26th September online.

The Board **RESOLVED** to note the current position regarding the developments that could affect the administration of the fund.

11 GOVERNANCE UPDATE

The Governance & Risk Advisor introduced the report to the Board and highlighted the following areas from it.

Risk Register

No changes to risks or scores.

Workshop

24th October – Interim Valuation (Mercer)

Hymans Learning Academy

All modules should be completed by the end of July.

Board Member Recruitment

The process to recruit new Board members has begun and the closing date for applications is 31st July. Hope to have two new members in place by the Board meeting in September.

The Chair commented that he was pleased to see the Audit Plan in place following the requests for further work to be carried out. He said that it was important to have those assurances in place and asked to be informed if any problems were to occur.

The Board **RESOLVED** to:

- i) Note the workplan & training plan for 2024.
- ii) Note the dates for future meetings.
- iii) Note the risk register.
- iv) Note the audit plan.

The meeting ended at 11.53 am

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

Administration Update June 2024

Claire Newbery

Pensions Operations Manager

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Avon
Pension
Fund



Your pension, your future

Agenda



- Restructure update
- McCloud Remedy
- Workflow inc KPI's

Re-Structure



- 45-day consultation began on 30th May 2024, ends 14th July 2024
- New structure to create new teams – Digital Services, Member Contact Team & Payroll
- Structure will create capacity for the operational teams and support for business change and digital transformation
- Increasing from 83 to 94 FTE across APF, overall increase of 11 FTE, 8 within Operations
- No increase to overall budget of £31m (£2m saving on investment costs)
- 60 officers slotted in-to roles
- 28 officers ring-fenced (to migrate staff from 2 to 4 teams) increase of 20.7 to 22 FTE's
- 2 deleted posts

McCloud – Pensions in-to payment from 1st October 2023 to 31st May 2024

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Type of Pension	Number of cases	Number underpin applied	Percentage	Total annual uplift	Total monthly uplift
Normal (from active or deferred)	925	18	2%	£6,735	£561
Dependant	204	0	0%	£0	£0

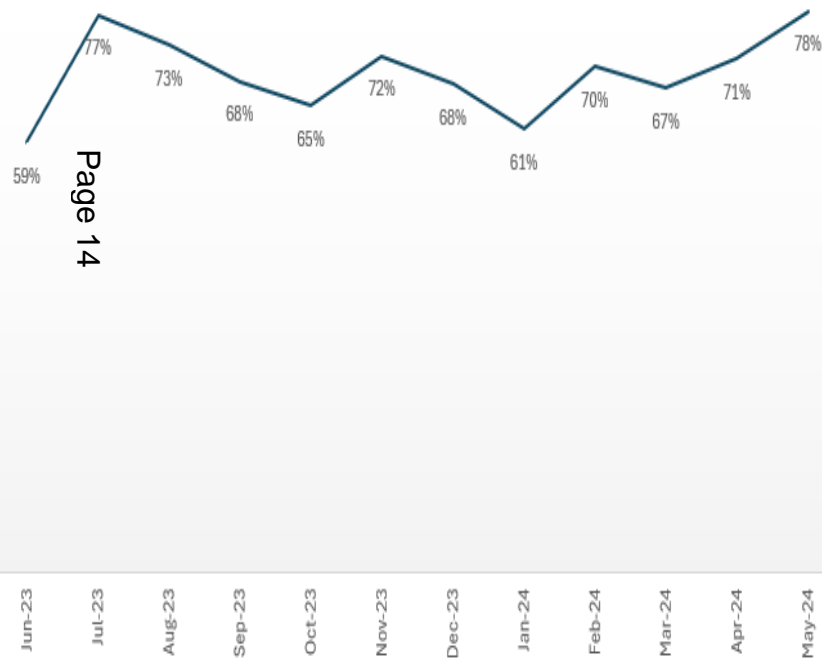
Highest under-pin	£1,127
Lowest under-pin	£11

Average under-pin	£374
Median under-pin	£168

Workflow & MI



SLA – Performance average June 23 to May 2024



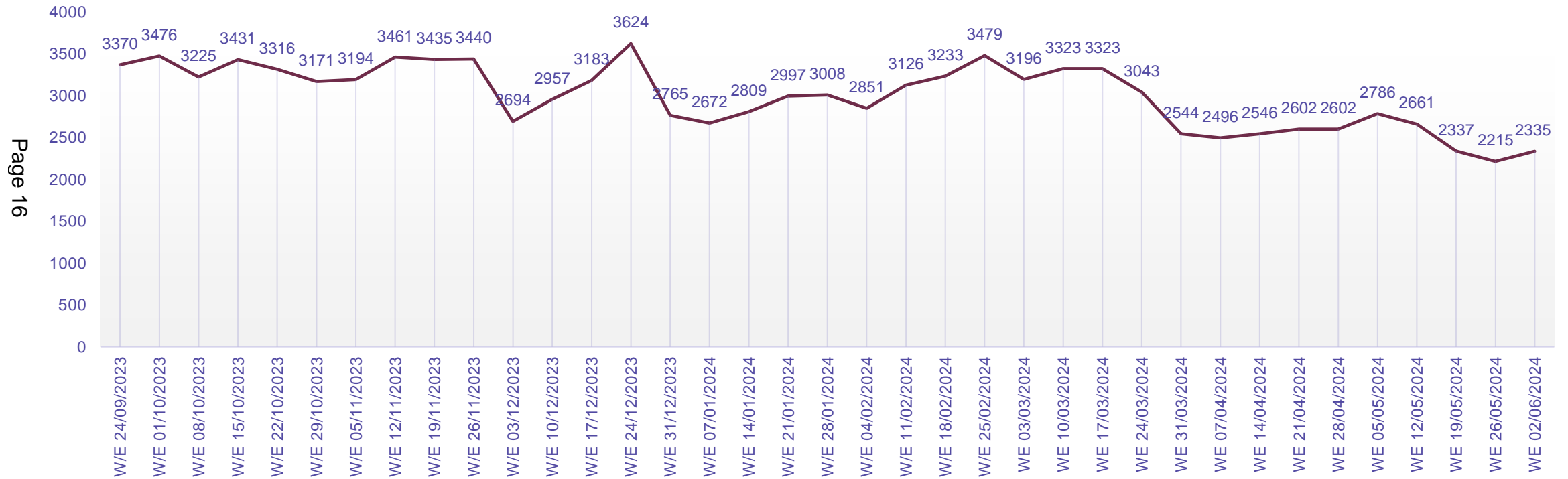
KPI Category	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Cases Created Jul-23 to May-24
Death Notification	25%	25%	59%	68%	74%	64%	92%	57%	20%	61%	46%	31%	554
Death - Act/Def/Pen - Payment	76%	67%	87%	47%	77%	79%	84%	76%	68%	77%	100%	69%	493
Retirement (Active) - Quote	58%	72%	37%	37%	30%	25%	39%	32%	37%	33%	31%	30%	1,601
Retirement (Active) - Actual	64%	86%	60%	91%	68%	73%	83%	77%	76%	75%	95%	77%	935
Retirement (Deferred) - Quote	83%	97%	62%	36%	34%	28%	38%	17%	30%	29%	36%	57%	1,915
Retirement (Deferred) - Actual	54%	78%	71%	50%	90%	83%	73%	52%	33%	66%	75%	66%	1,212
Divorce - Quote	N/A	82%	100%	92%	100%	67%	84%	39%	78%	73%	59%	66%	288
Divorce - Actual	N/A	0%	N/A	N/A	100%	N/A	N/A	100%	N/A	N/A	N/A	N/A	8
Refund - Quotes	0%	24%	24%	25%	5%	26%	15%	31%	66%	29%	22%	77%	2,933
Refund - Actual	50%	19%	62%	89%	72%	93%	37%	12%	31%	49%	84%	85%	944
Deferred Benefits	50%	72%	64%	44%	34%	73%	35%	35%	50%	45%	62%	67%	2,790
Transfer In (Active) - Quote	0%	50%	6%	50%	0%	9%	19%	20%	17%	13%	3%	6%	398
Transfer In (Active) - Actual	N/A	50%	56%	67%	18%	54%	50%	0%	29%	30%	100%	33%	103
Transfer Out (Active/Deferred) - Quote	N/A	45%	41%	0%	22%	4%	29%	14%	17%	17%	16%	14%	957
Transfer Out (Active/Deferred) - Actual	N/A	44%	40%	0%	55%	94%	100%	100%	100%	90%	73%	100%	102
Employer Estimate - Quote	74%	67%	100%	79%	60%	54%	50%	93%	89%	69%	65%	100%	227
Member Estimate - Quote	78%	99%	98%	81%	83%	92%	88%	94%	99%	91%	66%	94%	625
Joiner	82%	98%	98%	98%	96%	99%	99%	93%	100%	97%	100%	100%	12,035

Weighted Average	59%	77%	73%	68%	65%	72%	68%	61%	70%	67%	71%	78%	
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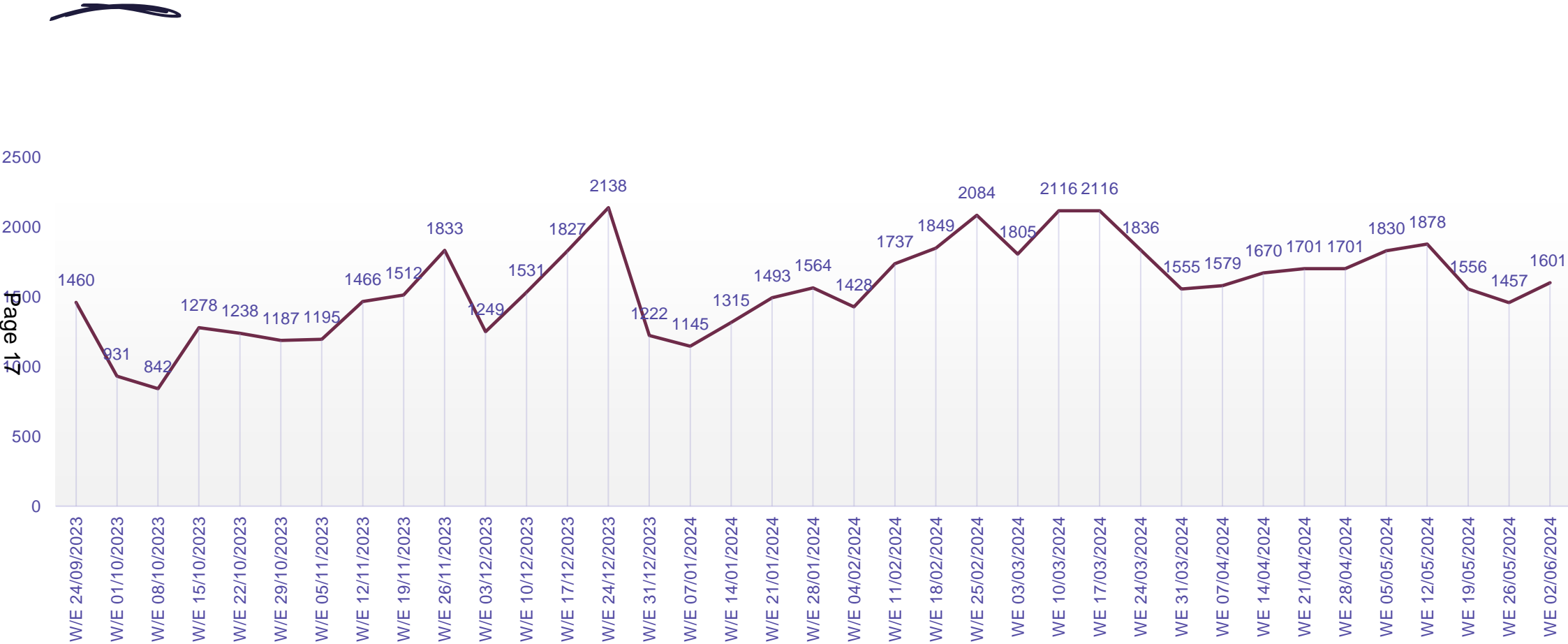
KPI completion by days as a percentage April & May 2024

		Tasks Current Quarter									
		Actual Days to Process									
		0 to 5	6 to 10	11 to 15	16 to 20	21 to 25	26 to 30	31 to 40	41 to 45	46 to 59	60+
Death Notification	5 Days	35%	95%	98%	100%						
Death - Act/Def/Pen - Payment	10 Days	67%	83%	88%	94%	97%	99%	100%			
Retirement (Active) - Quote	15 Days	13%	23%	30%	39%	48%	54%	71%	75%	83%	100%
Retirement (Active) - Actual	15 Days	51%	70%	80%	86%	93%	96%	97%	97%	98%	100%
Retirement (Deferred) - Quote	30 Days	3%	7%	11%	17%	30%	38%	60%	67%	84%	100%
Retirement (Deferred) - Actual	15 Days	37%	53%	63%	71%	81%	87%	98%	98%	100%	
Divorce - Quote	45 Days	18%	24%	28%	34%	36%	38%	52%	56%	70%	100%
Divorce - Actual	15 Days	-	0%	0%	0%	0%	0%	0%	0%	0%	100%
Refund - Quotes	10 Days	35%	45%	75%	85%	90%	91%	92%	93%	93%	100%
Refund - Actual	10 Days	54%	81%	85%	91%	92%	93%	95%	95%	98%	100%
Deferred Benefits	30 Days	13%	36%	54%	59%	63%	65%	68%	69%	72%	100%
Transfer In (Active) - Quote	10 Days	2%	4%	5%	5%	7%	9%	15%	17%	49%	100%
Transfer In (Active) - Actual	10 Days	60%	60%	60%	80%	100%					
Transfer Out (Active/Deferred) - Quote	10 Days	6%	9%	12%	13%	15%	17%	23%	26%	36%	100%
Transfer Out (Active/Deferred) - Actual	10 Days	81%	81%	100%	100%						
Employer Estimate - Quote	15 Days	41%	55%	68%	73%	91%	91%	91%	91%	100%	
Member Estimate - Quote	15 Days	37%	48%	63%	74%	80%	81%	90%	91%	93%	100%
Joiner	40 Days	17%	22%	25%	32%	77%	97%	100%			

KPI's - Total outstanding cases



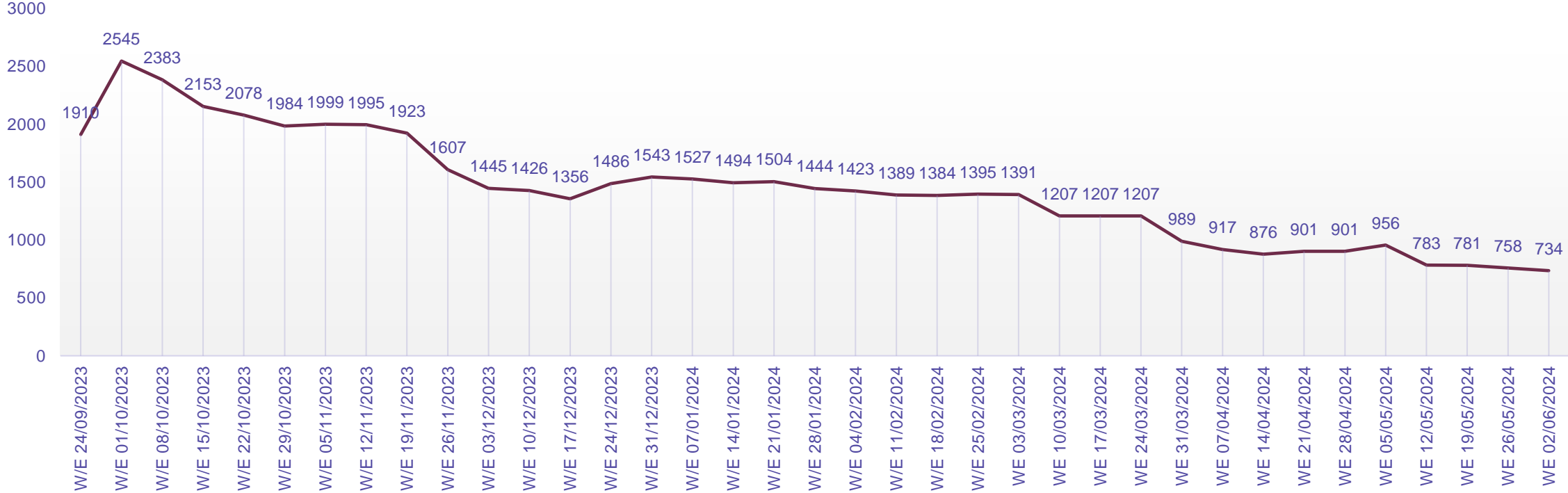
KPI's - cases outstanding under 31 days



KPI cases outstanding over 31 days



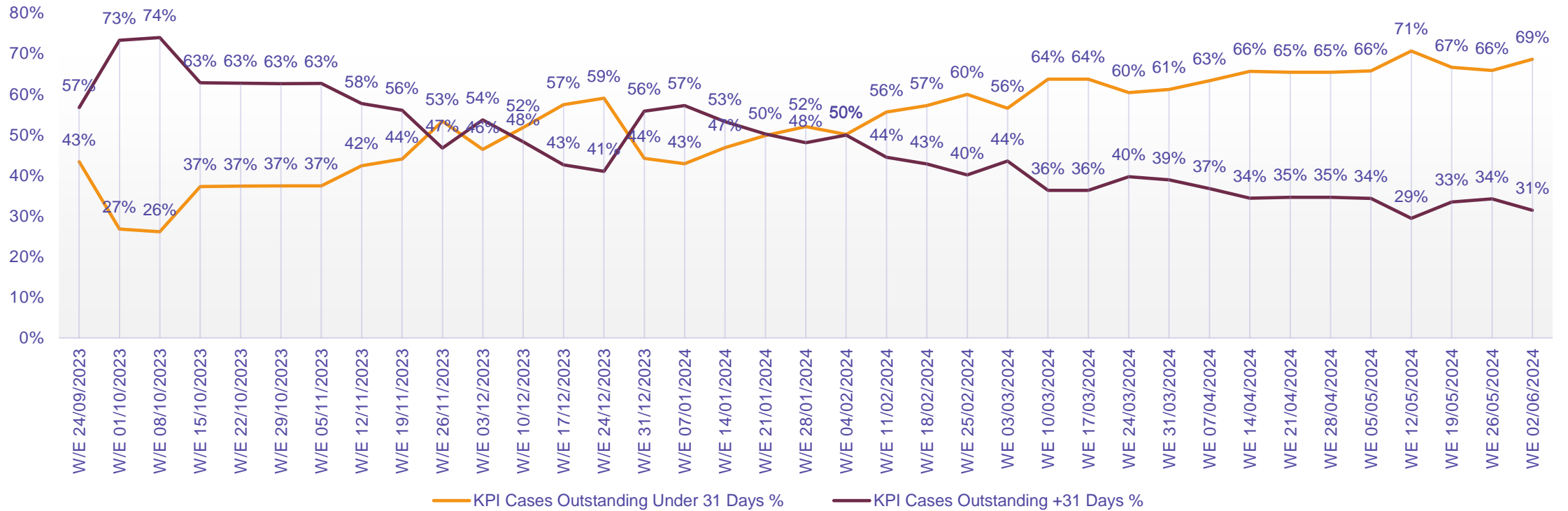
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KPI's – Cases by age

Outstanding KPI Tasks by Age %

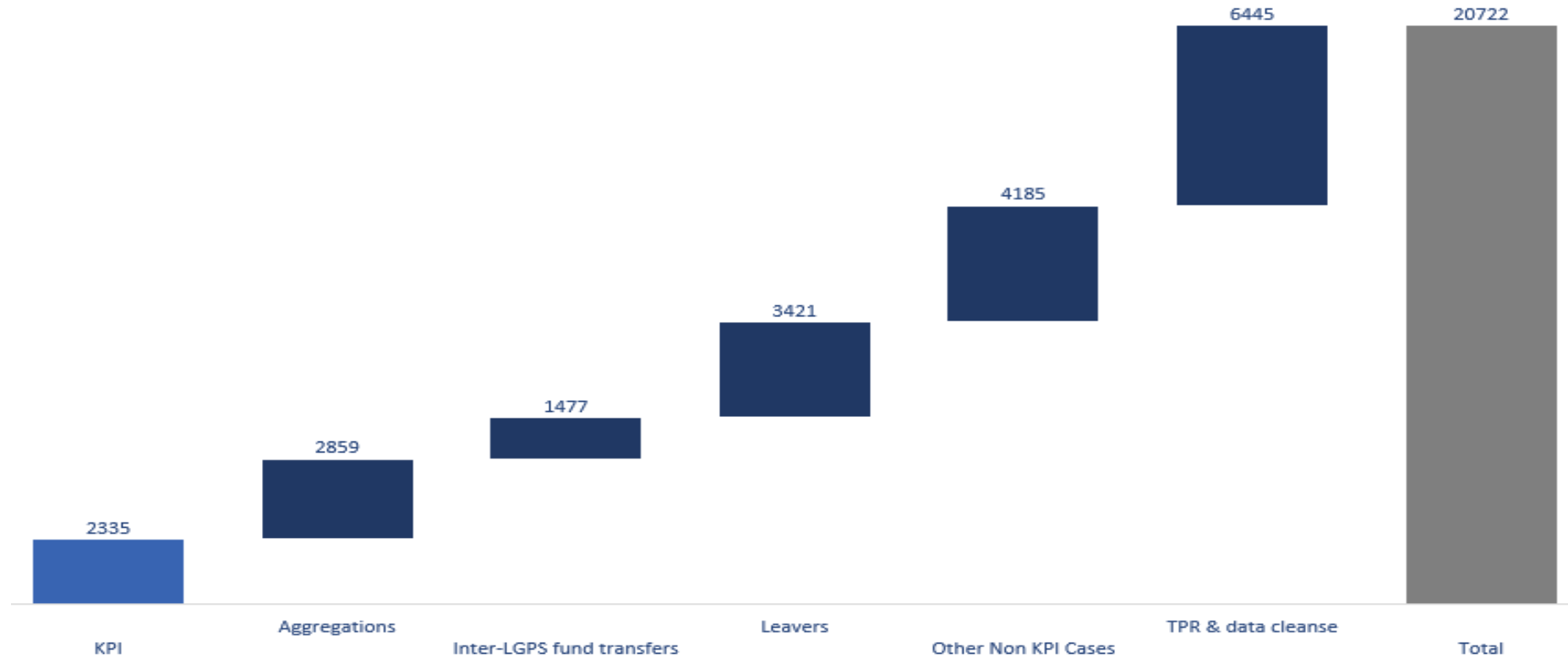
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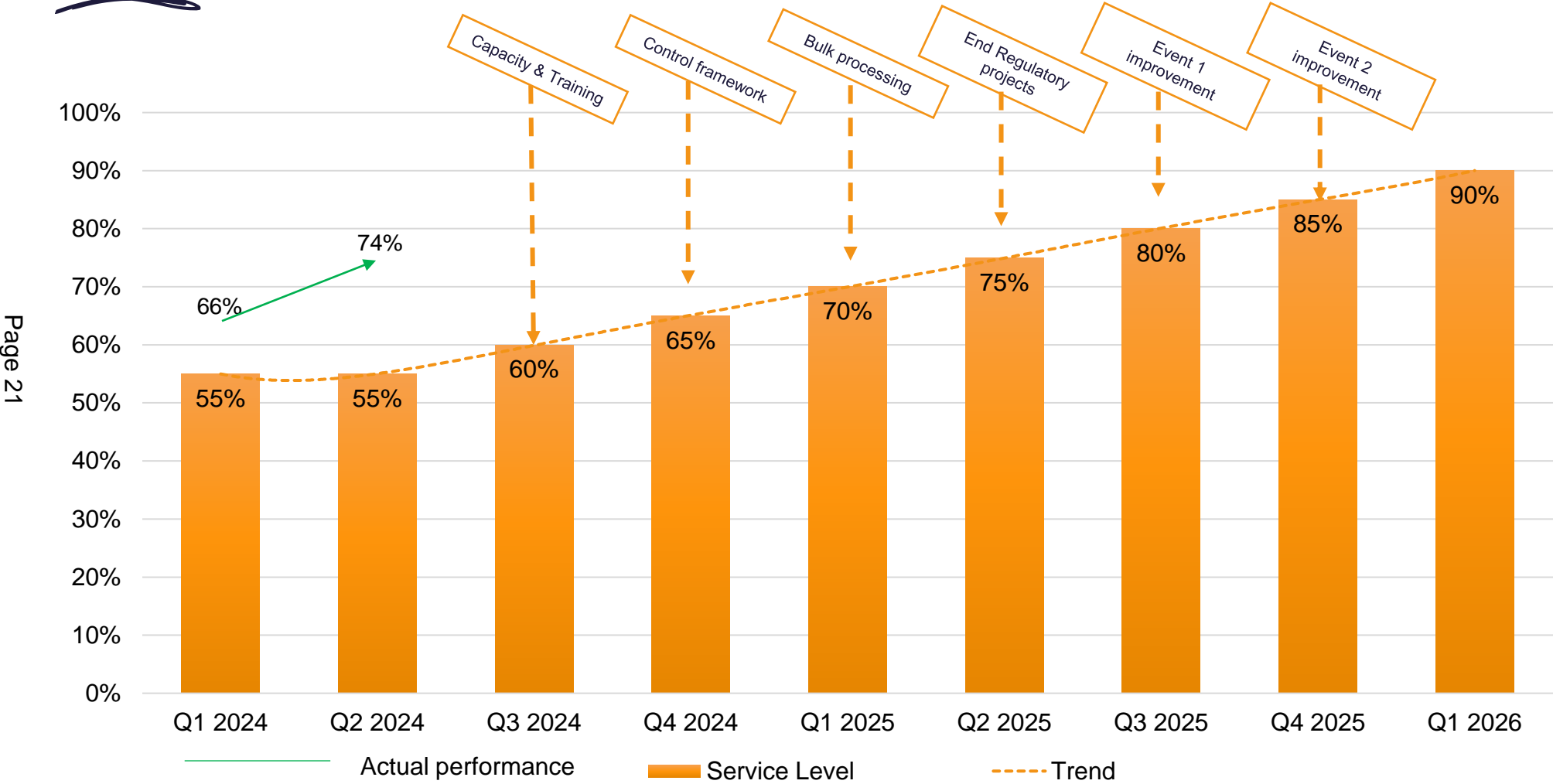
All cases KPI & Non-KPI

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- Interfund tranfers to be included in KPI's wef June 2024



Service performance – plan v's actual



Thank you



If you have any questions please contact:

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