

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE	AGENDA ITEM NUMBER	
MEETING DATE:	16 MARCH 2012		
TITLE: PENSION FUND ADMINISTRATION - EXPENDITURE FOR 10 MONTHS AND PERFORMANCE INDICATORS FOR 3 MONTHS TO 31 JANUARY 2012 AND STEWARDSHIP REPORTS FOR THE 3 QUARTERS TO(31 JANUARY 2012			
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AN OPEN PUBLIC ITEM			
List of attachments to this report:			
Appendix 1	Summary Financial Account: 10 months to 31st January 2012		
Appendix 2	Summary Budget Variances: financial year to 31st January 2012		
Appendix 3A	Balanced Scorecard : 3 months to 31 January 2012 (narrative)		
Appendix 3B	Balanced Scorecard in 3A: Graphs for <i>selected</i> items		
Appendix 4A	Customer Satisfaction Feedback in the 3 months to 31 January 2012 (Retirements from <i>ACTIVE</i> status)		
Appendix 4B	Customer Satisfaction Feedback in the 3 months to 31 January 2012 (Retirements from <i>DEFERRED</i> status)		
Appendix 4C	Customer Satisfaction Feedback in the months to 31 January 2012 (<i>Pensions Clinics</i>)		
Appendix 5	Active membership statistics over 24 months to January 2012		
Appendix 6	Joiners & Leavers		
Appendix 7	Summary Performance Report on Scheme Employers performance (<i>to be taken in exempt session</i>) first 3 Quarters 2011 (including late payers)		
	<ul style="list-style-type: none">- Annex 1 Deferreds- Annex 2 Retirements		

THE ISSUE

- 1.1 The purpose of this report is to inform the Committee of administration and management expenditure incurred against budget for the 10 months to 31 January 2012. This information is set out in Appendices 1 and 2.
- 1.2 This report also contains Performance Indicators and Customer Satisfaction feedback for 3 months to 31st January 2012 and Stewardship Reports on Employer and APF performance in the first 3 Quarters to 31. December 2011

2. RECOMMENDATION

That the Committee notes

- 2.1 the expenditure for administration and management expenses incurred for the 10 months and Performance Indicators and Customer Satisfaction Feedback for the 3 months to 31 January 2012 and the Stewardship Report on performance.

3 FINANCIAL IMPLICATIONS

- 3.1 The administrative and management costs incurred by the Avon Pension Fund are recovered from the employing bodies through the employers' contribution rates.
- 3.2 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 provide that any costs, charges and expenses incurred administering a pension fund may be paid from it.

4. COMMENT ON BUDGET

- 4.1 The summary Financial Accounts are contained in **Appendix 1**. They have been prepared to cover the period 1 April 2011 to 31 January 2012 showing actual variances against budget to 31 January 2012 and forecast variances for the full year to 31 March 2012.
- 4.2 The variance for the year to 31 March 2012 is forecast to be £127,000 under budget. Within the directly controlled Administration budget it is forecast that expenditure will be £60,000 below budget as a result of reduced expenditure on Salaries, Communications and Investment Expenses.
- 4.3 Explanations of the most significant forecast variances for the full year are contained in **Appendix 2** to this Report.

5. BALANCED SCORECARD SHOWING PERFORMANCE INDICATORS ("PIs") FOR THE 3 MONTHS TO 31 JANUARY 2012

- 5.1 The information provided in this report is consistent with the methodology applied to the Council generally but has been customised to reflect the special circumstances of the Avon Pension Fund. Full details of *performance against target*, in tabular and graph format, are shown in **Appendices 3A and 3B**.

5.2 ADMINISTRATION PERFORMANCE

5.2.1 The level of **work outstanding** from tasks set up in the period (Item C5 and graphs 5-7 of Appendix 4A and 4B)) in the 3 month period 3,860 tasks were created and 3,792 cleared (98.23%), leaving an outstanding workload from the period of 68 tasks 1.77% well within the target of 10%. There were 883 outstanding cases from previous periods; however 656 of these are within their target time (effectively work-in-progress) and of the 227 which are beyond their target date most are missing information to allow their completion. Such cases are always followed up on a continuing basis until they are cleared.

5.2.2 In other areas shown in selected **Graphs** the Fund:

- The Fund had excellent feedback on the service to member at clinics (*Chart 1*)
- The trend in use of the Avon Pension Website continues as pensions remain high profile in the media peaking at 6,904 for the month of November (*Chart 2*)
- A continuing low level in short-term sickness (2.16%) and no long-term sickness; the use of temporary staff is within target (*Chart 3*)
- New cases created fell to a 2 year low of 924 in December 2011 but rose sharply in January 2012 to 1,711 (*Charts 6 & 7*)

5.2.3 **CHANGES TO STAFF RESOURCE:** The services of 4 experienced senior benefits staff have been lost in the Pensions Section in the last 12 months due to maternity absence, transfer to other areas in the Section or resignation. Despite this, performance has been only marginally adversely affected in that period. A significant number of acting ups have had to be put in place which created vacancies at lower Assistant Pension Officer and Pension Officer levels. As a temporary measure the three administration teams have been reduced to two following the loss of a team leader.

Five new staff (all with relevant previous experience) were appointed at the end of January 2012. It will of course require resource to train these staff up and it will take time for those staff to operate at their optimum levels. No reduction is expected in the quality or level of service to employers. The Committee are asked to note this when considering the Administration performance in the next few quarters.

5.3 **Complaints:** There were **no** complaints received in the period.

5.4 2011 **Members Annual Benefit Statements (“ABSs”)** All Annual Benefit statements have been issued Statements for active and deferred members for whom valid year end information was received.

6. CUSTOMER SATISFACTION FEEDBACK IN 3 MONTHS TO 31 JANUARY 2012

6.1 *Retirement Questionnaires*

Appendix 4A reports on the customer satisfaction based on 56 questionnaires returned from **active** members retiring. On average 78% received their lump sum and 88% their first pension payments within “10 day” target (*See chart*).

Appendix 4B reports on the customer satisfaction based on a small sample of 21 questionnaires returned from *former* active members retiring from **deferred** status. 86% received their lump sum and 100% their first pension payments within “10 day” target (*See chart*).

Overall service rating as good/excellent from both actives and deferreds on the service received from Avon Pension Fund staff handling their retirement was 91% (*See chart Item 5 on both graphs*).

6.2 **Clinics** In this period 2 standard clinics were held 56 members gave feedback with a good/excellent rating of 96% for the service provided by APF staff. The venue and location was slightly less well-rated scoring a good/excellent rating of 88%. (*See Appendix 4C*). In addition there were 4 member advisory sessions at one employer who is reducing staff pay going forward.

7. LEVEL OF OPT OUTS FROM THE SCHEME

7.1 The Committee has asked that the level of opt outs from the Scheme be monitored in view of recent events affecting public pensions and the trend reported back to each Committee meeting.

7.2 APF’s Administration processes were amended in June 2011 to identify opt outs in a reportable field. Reports run indicate that only 47 members with more than 3 months service opted out over the 8 month period to the end of January 2012. Of the 1,697 leavers in that period only 47 were opt outs which equates to approximately 2.7% of

all **leavers**. 47 in the eight month period equates to an *annual* figure of only 71 members which when expressed as percentage of the **total** membership of 33,519 is only **0.14 %** per annum and is a very encouraging sign that significant numbers of members are not leaving the Scheme in advance of knowing what the increase to pension contributions and changes to benefits in 2014 will be.

7.3 Although the standard members Opt Out form has been amended to ask them to specify **why** they have chosen to opt out using 4 simple to use tick boxes very few members have indicated why however those few that have done so have indicated cost as the reason for leaving the Scheme.

The position on opt outs will continue to be monitored and reported to the Committee at each of its Meeting.

8. TRENDS IN MEMBERSHIP/ JOINERS AND LEAVERS

8.1 The **active membership** statistics are shown in graph format in **Appendix 5** and the numbers of **joiners and leavers** feeding into this also in graph format in **Appendix 6**

The overall membership has remained fairly constant over the last few years between 33,000 and 34,000. The membership at 31st January 2012 is 33,561 compared to 33,515 in May 2009 but there has been a noticeable fall in joiners over the same period which is perhaps to be expected with the on-going recruitment freeze in local authorities. A similar fall in leavers (which would include opt outs) has mirrored the downward trend.

9. SUMMARY APF & EMPLOYER PERFORMANCE REPORT

9.1 As part of the Pensions Administration Strategy which came into effect in April 2011 a **Stewardship Report** is now sent to quarterly to the four unitary authorities to report of both their and Avon Pension Fund's administration performance against targets in the SLAs. It is proposed that Stewardship Reports for the remainder of the 130 employers will be sent only once a year due to the lower level of activity.

9.2 A Summary report to the Committee which is now a requirement of the Strategy is included as **Appendix 7** (This is to be taken in **exempt session** as employers' names and performances in a league table format are included. The Report will disclose any poor performing employers which need to improve. It is important that the Committee are aware of these going forward.

9.3 **Appendix 7** contains:

- Graphs for each of the largest employers *(viz. 4 unitaries) showing performance on processing leavers (**Retirements (Annex 1)** and **Deferred (Annex 2)**) for 3rd Quarter 2011 and cumulative 3 quarters to 31 December 2011. A Trend Graph for these 3 quarters is also included.
- Report on *late* pension **contributions** by employers to the Fund for the months of August through to December 2011.

9.4. MONITORING FUTURE OPT OUTS AND REPORTING TRENDS

9.4.1 The standard Opt Out form that members sign has been amended to ask them to specify **why** they have opted out using 4 simple to use tick boxes.

9.4.2 The Pension Scheme's current software is being amended by Heywood for its release in February 2012 to provide "opt out" as a recordable and reportable reason for leaving. This will make it much easier to monitor the on-going position on opt outs.

9.4.3 ACTIVE MEMBERSHIP STATISTICS (to assist monitoring of Opt Out trends)

9.4.3.1 Figures of the current active membership for 24 months to the end January 2012 are shown for information in a graph format in **Appendix 5**. Also enclosed is **Appendix 6** which shows the joiners and leavers movements from May 2009 to January 2012. As can be seen the number of leavers has outweighed the joiners over the period: however this is probably to be expected with the redundancies coming through and less staff being taken on by employers due to austerity measures.

9.4.3.2 Active Membership figures in graph format are included as a standard item for Committee meetings to monitor the trend in member movements at this volatile time when higher than normal level of 1) redundancies and 2) opt outs by members concerned about future scheme changes and potential increases to their contributions.

10. SIGNIFICANT EVENTS SINCE LAST COMMITTEE REPORT

10.1. **Employer Annual Pensions Conference:** This was the main event in the current quarter was held at a hotel in Bristol. Record numbers of employer delegates (59 representing 35 employers) attended. In addition 9 Pension Committee members attended. Sessions included: *updates by officers on the Pensions Administration strategy and the importance of good record keeping, Outsourcing and Academies expected changes to LGP .External speakers gave an investment commentary (Black Rock) and an update on auto enrolment (LGA)*. The conference was well appreciated by attendees with encouraging feedback.

10.2 **.Electronic Access** There was continuing interest in electronic access available to members and employers with the numbers registered rising to 2,356 (**Member Self Service**) and to 45 staff at 27 Scheme employers (**Employer Self Service**).

Further promotion of these services will continue on the website and through member and pensioner newsletters. A promotion message and logo is included in all correspondence APF send to members and pensioners.

11. RISK MANAGEMENT

11.1 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.

12. EQUALITIES

12.1 No equalities impact assessment is required as the Report contains only recommendations to note.

13. CONSULTATION

13.1 None appropriate.

14. ISSUES TO CONSIDER IN REACHING THE DECISION

14.1 This report is for noting only.

15. ADVICE SOUGHT

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

Contact person	Martin Phillips Finance & Systems Manager (Pensions)) (<i>Budgets</i>) Tel: 01225 395259. Steve McMillan, Pensions Manager (<i>All except budgets</i>) Tel: 01225 395254
Background papers	Various Accounting and Statistical Records