

Bath & North East Somerset Council			
MEETING:	AVON PENSION FUND COMMITTEE	AGENDA ITEM NUMBER	<b>12</b>
MEETING DATE:	24 SEPTEMBER 2010		
TITLE:	PENSION FUND ADMINISTRATION - EXPENDITURE FOR 4 MONTHS TO 31 <sup>st</sup> JULY 2010 AND PERFORMANCE INDICATORS FOR THE 3 MONTHS ENDING 31 <sup>st</sup> JULY 2010		
WARD:	'ALL'		
<b>AN OPEN PUBLIC ITEM</b>			
<p><b>List of attachments to this report:</b></p> <p><b>Appendix 1</b> Summary Financial Account: current financial year to 31<sup>st</sup> July 2010</p> <p><b>Appendix 2</b> Summary of Budget Variances: 4 months ending 31<sup>st</sup> July 2010</p> <p><b>Appendix 3A</b> Balanced Scorecard : 3 months to 31<sup>st</sup> July 2010</p> <p><b>Appendix 3B</b> Balanced Scorecard : Graphs for <i>selected</i> items</p> <p><b>Appendix 4A</b> <i>Customer Satisfaction Feedback in 3 months to 31<sup>st</sup> July 2010 (Retirements from ACTIVE status)</i></p> <p><b>Appendix 4B</b> <i>Customer Satisfaction Feedback in 3 months to 31<sup>st</sup> July 2010 (Retirements from DEFERRED status)</i></p> <p><b>Appendix 5</b> <i>Customer Satisfaction Feedback in 3 months to 31<sup>st</sup> July 2010 for members attending Pension Clinics</i></p>			

## 1 THE ISSUE

- 1.1 The purpose of this report is to inform the Committee of administration and management expenditure incurred against budget for the current financial year to 31<sup>st</sup> July 2010. This information is set out in Appendices 1 and 2.
- 1.2 This report also contains Performance Indicators (Appendix 3) and Customer Satisfaction Feedback for 3 months to 31<sup>st</sup> July 2010 recently retired members and from members attending Pension Clinics. (Appendices 4 and 5).

## 2 RECOMMENDATION

### 2.1 That the Committee:-

- (i) Notes the expenditure for administration and management expenses incurred for the 4 months ending 31<sup>st</sup> July 2010.
- (ii) Notes the Performance Indicators and Customer Satisfaction feedback for 3 months to 31<sup>st</sup> July 2010.

### 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 have been prepared to cover the period 1 April to 31<sup>st</sup> July 2010 and are contained in **Appendix 1**.
- 4.2 The forecast variance for the full year to 31 March 2011 is £392,000 under budget. Excluding Investment Management and custody fees a net under-spend of £8,000 is forecast. The total forecast variance is mainly due to a reduction in fees payable to the Fund's investment managers and to the external auditors.
- 4.3 The forecast under-spend on investment management fees for the full year is a result of the appointment of the Global Equity Manager not being made as early as was assumed in the preparation of the budget. This is also the basis of the forecast small reduction in expenditure on Custodian's fees. Within investment manager fees £127,000 of the budget relates to performance related fees.
- 4.4 Communications costs for the full year are forecast to be £12,000 over-spent. This is largely due to £32,000 of the one off initial costs of Heywood's Member Self Services system occurring in the current year. The cost of this system is expected to be recouped through the savings it generates over the next two years. The additional expenditure is forecast to be partly offset in the current year by savings in the cost of Guides and Leaflets.
- 4.5 Salaries costs for the full year are forecast to be on budget.
- 4.6 Compliance Costs for the full year are forecast to be £23,000 under-spent. This is entirely as a result of the forecast reduction in fees from the Audit Commission that was included in the Annual Audit Fee Letter presented to the Committee in June.
- 4.7 A summary of variances to 31<sup>st</sup> July 2010 and forecast for the full year is contained in **Appendix 2** to this Report.

### 5. BALANCED SCORECARD SHOWING PERFORMANCE INDICATORS ("PIs") FOR 3 MONTHS TO 31<sup>ST</sup> JULY 2010 (APPENDIX 3A (STATISTICAL) AND APPENDIX 3B (GRAPHICAL) FORMATS

- 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 **Data Cleansing: The effect on work.** This period saw a final assault on cleansing member data before the due date to send to the Scheme's actuary on 15<sup>th</sup> July for the Actuarial triennial valuation. As a result many "old" unprocessed leavers needed to be cleared, in many cases with limited or missing information. Death cases

revealed by the *Data Cleansing Exercise* proved in many cases to be complex and time-consuming resulting in performance dropping to below 60% against the usual 90% target. This is not seen as a cause for concern as this is an *exceptional* circumstance, unlikely to be repeated for some time. In general the data cleansing increased the number and difficulty of cases to be processed.

Nevertheless in the 3 month period, over 95% of cases set up were cleared resulting in outstanding cases below 5% - considerably ahead of the 10% target. This is commendable as this was during the *Data Cleansing Exercise*,

- 5.3 **Transfers:** Both transfers in and out back on track and above target of 75% having now cleared the backlog following receipt of GAD guidance in September 2009. However a further revision and publication of transfer factors is needed following the government's recent move to increasing pensions in the future by *CPI (Consumer Price Index)* instead of *RPI( Retail Price Index)*. This has meant that "Club Transfers" in and out (viz. mainly Public Sector) are having to be stockpiled until revised factors are received from GAD. This is expected to be within the next few months.
- 5.4 **Complaints:** There were **no** complaints received in the period
- 5.5 **APF Website: Visits to APF Website** averaged more than **double** the monthly 1500 target. As the hit rate has been above 3,000 for over a year now the target going forward will be increased to 3,000 per calendar month. The increased activity indicates the growing interest in pensions
- 5.6 **Sickness absence:** APF had an excellent record in the period with no long-term sickness and only 1.18% short- term sickness both well ahead of the APF 3% target and the Administering Authority's 5% target.

## 6. CUSTOMER SATISFACTION FEEDBACK IN 3 MONTHS TO 31<sup>ST</sup> JULY 2010

### 6.1 **RETIREMENT QUESTIONNAIRES** (Details are in **Appendices 4A & 4B**)

On average over 80% of **active** members retiring from service received their lump sum and 76% their first pension payments within 10 days of the selected time measure.

On average 90% of *former* active members retiring from **deferred** status received their lump sum and 87% their first pension payments within "10 day" target.

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

### 6.2 **CLINICS FEEDBACK**

- 6.2.1 **Pension Clinics:** Four clinics were held in this period – one at Bath Spa University, two for civilians at the Avon Fire & Rescue and one at Weston College. From the questionnaire responses (reported on in detail in **Appendix 5**) it can be seen that ratings in the high 90%*s* were given, except for the venue which was rated only 81% of attendees as good or above. The Fund has little control over this: however employers are made aware of members' comments and we would expect the suitability of venues to improve.

6.2.2 **Redundancy Clinics:** In addition to the “regular” clinics, during the period Avon Pension Staff were asked to attend special Redundancy Clinics at two South Gloucestershire care homes where a total of 23 staff at risk of redundancy were provided with estimated pension figures on redundancy. *It is not felt appropriate to ask attendees to complete feedback forms in these circumstances.*

***FUTURE Redundancy Clinics:*** *It is expected that during the remainder of 2010, and in 2011 and 2012, more redundancy clinics will be requested particularly by the four unitary employing authorities who are expected to be significantly downsizing their workforces.*

## 7. OTHER OPTIONS CONSIDERED

7.1 None appropriate.

## 8. RISK MANAGEMENT

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

## 9. EQUALITIES

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

## 10. ADVICE SOUGHT

10.1 The Council's Monitoring Officer (Council Solicitor) 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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<b>Background papers</b>	Various Accounting and Statistical Records