

Bath & North East Somerset Council		
MEETING:	<b>AVON PENSION FUND COMMITTEE</b>	AGENDA ITEM NUMBER
MEETING DATE:	<b>18 MARCH 2011</b>	
TITLE:	<b>PENSION FUND ADMINISTRATION - EXPENDITURE FOR 10 MONTHS TO 31<sup>st</sup> JANUARY 2011 AND PERFORMANCE INDICATORS FOR 3 MONTHS TO 31<sup>st</sup> JANUARY 2011</b>	
WARD:	<b>'ALL'</b>	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
<b>Appendix 1</b>	<b>Summary Financial Account: current financial year to 31<sup>st</sup> January 2011</b>	
<b>Appendix 2</b>	<b>Summary Budget Variances: current financial year to 31<sup>st</sup> January 2011</b>	
<b>Appendix 3A</b>	<b>Balanced Scorecard : 3 months to 31<sup>st</sup> January 2011 (narrative)</b>	
<b>Appendix 3B</b>	<b>Balanced Scorecard in 3A: Graphs for <i>selected</i> items</b>	
<b>Appendix 4A</b>	<b>Customer Satisfaction Feedback in the 3 months to 31<sup>st</sup> January 2011 (narrative) (<i>Retirements from ACTIVE status</i>)</b>	
<b>Appendix 4B</b>	<b>Customer Satisfaction Feedback in the 3 months to 31<sup>st</sup> January 2011 (narrative) (<i>Retirements from DEFERRED status</i>)</b>	
<b>Appendix 4C</b>	<b>Customer Satisfaction Feedback in the months to 31<sup>st</sup> January 2011 (narrative) (<i>Pensions Clinics</i>)</b>	
<b>Appendix 5</b>	<b>Risk Register</b>	

## **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> January 2011. This information is set out in Appendix 1 and 2.
- 1.2 This report also contains Performance Indicators and Customer Satisfaction Feedback from recently retired members and from 31<sup>st</sup> January 2011.

## **2. RECOMMENDATION**

- 2.1 That the Committee notes the expenditure for administration and management expenses incurred for the ten months ending 31<sup>st</sup> January 2011 and Performance Indicators for the 3 months to 31<sup>st</sup> January 2011.

### 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 2010 to 31<sup>st</sup> January 2011. This summary of expenditure to 31<sup>st</sup> January 2011 and a forecast of expenditure for the year ending 31<sup>st</sup> March 2011 are contained in **Appendix 1** to this report.
- 4.2 The forecast variance for the full year to 31 March 2011 is for expenditure to be £29,500 under budget. Of this total under spend, £22,700 is forecast to occur within the directly controlled Administration budget. The under spend is expected to be achieved at the same time as the full one-off costs of implementing the Altair Member Self Service system and the Heywood's Employer Self Service system are charged to the current financial year. This will to some extent relieve the pressure for savings in the 2011/12 budget.
- 4.3 A detailed analysis of the forecast variances for the full year is contained in **Appendix 2** to this Report.

### 5. BALANCED SCORECARD SHOWING PERFORMANCE INDICATORS ("PIs") FOR THE 3 MONTHS TO 31 JANUARY 2011

- 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 During the period the **ADMINISTRATION PERFORMANCE** was temporarily marginally adversely affected by the unavailability of the pensions administration system due to some "teething" problems following the switchover from AXIS to Altair in late October 2010 and several instances of power failures/internet unavailability also resulted in the inability to log onto the system as it is now accessed through the internet being web-based. In addition *older* cases of leavers and deaths revealed by the Data Cleansing Project undertaken for the Actuarial Valuation took significantly longer to deal with because of the time lapse.
- 5.3 The unavailability from "GAD" (Government Actuaries Department) of certain factors following the government's move in June 2010 to raise future pensions by the increase in the *CPI* instead of the *RPI* meant that quotations from members for pension benefits from "ARCs" (Additional Regular Contributions) had to be suspended. Members have been informed of the delays and the reasons for this. It is not known when GAD will issue these. Progress on this will be reported to Committee in due course.
- 5.4 The outstanding backlog of transfers in and out which build due to the above factors being unavailable has now been cleared.

5.5 **COMPLAINTS:** There were **no** complaints received in the period

5.6 **2010 ANNUAL BENEFIT STATEMENTS (“ABSs”) FOR MEMBERS** – Statements for Councillors and deferred members were sent by the autumn of 2010 but statements for actives were redesigned and the content, appearance and quality has been improved; however, due to the switch over to Altair, the project was significantly more complex than at first thought and the expected timescale for issue had to be put back; nevertheless, all actives ABSs will be sent out (*with the latest Avon Pensions Newsletter to obtain significant postage cost savings*) by the end of March. For the first time one major Fund employer has distributed these to its members electronically (by in-house e-mail) producing further cost savings for the Fund.

## 6. CUSTOMER SATISFACTION FEEDBACK IN 3 MONTHS TO 31ST JANUARY 2011

### 6.1 *Retirement Questionnaires*

**Appendix 4A** reports on the customer satisfaction based on **55** questionnaires returned from **active** members retiring. On average 65% received their lump sum and 84% their first pension payments within “10 day” target (*See chart*).

**Appendix 4B** reports on the customer satisfaction based on a small sample of **22** questionnaires returned from *former* active members retiring from **deferred** status. 91% received their lump sum and 100% their first pension payments within “10 day” target (*See chart*).

Overall service rating as good or excellent from both actives and deferreds on the service received from Avon Pension Fund staff handling their retirement was 89% (See chart Item 5 on both graphs). A few Scheme members suggested some changes to aid the retirement administration process and these are being considered.

6.2 **Clinics** In this period 2 clinics were held for members at South Gloucs Council in Yate and at Learning Partnership West. 41 members gave feedback with a good/excellent rating of 98% for the service provided by APF staff. The venue and location scored slightly less well but was nevertheless still high. (See **Appendix 4C**)

## 7. MAJOR EVENTS DURING THE PERIOD

7.1 **PENSIONS ADMINISTRATION STRATEGY** This initiative which was approved at the Avon Pension Fund Committee Meeting last December has been rolled out to employers and will come into effect from 1st April 2011. All employers will be expected to sign a new or replacement Service Level Agreement (“SLA”) which will incorporate mutual stretch performance targets. Key elements of the new Strategy are training (employers and APF Staff) and deadlines in 2012 for all employers to submit all information to APF electronically on line.

7.2 A very successful **EMPLOYERS ANNUAL CONFERENCE** was held at a Bristol hotel in February which included three excellent external speakers. There were more than 50 attendees from employers covering over 90% of the membership; four Members were also present. Very positive feedback was received from attendees.

7.3 **SWITCH FROM GANDLAKE TO HEYWOOD:** The Heywood self-service facility for Scheme employers is currently in test and will be available to employers from April 2011. This contains the hitherto unavailable facilities for employers to do their own **on-line member calculations and obtain estimates for “Strain on the Fund”**

**costs.** It will also be the vehicle for smaller employers to submit member data changes under EDI.

## 8. RISK REGISTER (Appendix 5)

8.1 A Risk Register is a Council corporate requirement for all services and is in a standard format designed by the Council's Audit Risk and Information Service. Avon Pension Fund has its own Register which contains all identified risks specific to the Fund and includes generic risks common to all council departments, their potential impacts (financial, reputational, regulatory etc.) and steps that are already in place or planned to mitigate these risks. The Register is in the corporate format which includes a final *RAG report* style column to indicate whether an item is on target.

8.2 It has been previously agreed that the Committee will review the *Risk Register* on a regular basis. No new risks have needed to be added to the Register since the last review in December 2009.

8.3 The Committee is asked to note that the Risk Register has been updated and will be reviewed again in approximately 12 months time or earlier if this is felt necessary by the Officers.

## 9. RISK MANAGEMENT

9.1 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.

## 10. EQUALITIES

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

## 11. CONSULTATION

11.1 None appropriate.

## 12. ISSUES TO CONSIDER IN REACHING THE DECISION

12.1 This report is for noting only.

## 13. ADVICE SOUGHT

13.1 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