

Bath & North East Somerset Council			
MEETING:	LOCAL PENSION BOARD	AGENDA	
MEETING DATE:	13 JUNE 2019	ITEM NUMBER	
TITLE:	PENSIONS ADMINISTRATION STRATEGY		
WARD:	'ALL'		
AN OPEN PUBLIC ITEM			
List of attachments to this report:			
Appendix 1 - 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			
Annex 7 Schedule of Chargeable Services			

## **1 THE ISSUE**

The purpose of this report is to present to the Local Pension Board for comment, the Avon Pension Fund 2019 - Administration Strategy.

The Fund has revised its 2015 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 draft strategy document was formally approved by the Pensions Committee at its meeting on 22<sup>nd</sup> March.

The Strategy has also been formally consulted upon with Employers during the first quarter of the 2019 financial year as required by the Regulations.

### **RECOMMENDATION**

- 1.1 That the Pension Board notes 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 The draft Schedule of Chargeable Services

- 1.8 The Committee delegates responsibility for responding to the consultation responses to Officers to enable effective implementation of the Strategy from 1<sup>st</sup> June 2019

## 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 0.5% 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 continue 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 was undertaken with Employer's between 25<sup>th</sup> March and 24<sup>th</sup> May. One employer response was received during the consultation period, noting receipt and approval of content.
- 3.4 Key to the success of the Strategy are the continued development of 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. Performance targets for both Employers and the Fund reflecting the Pensions Regulator's requirements have been reflected in revised Service Level Agreements and agreed with Employers. Performance reporting will continue to be discussed with Employers at regular Performance / SLA review meetings and similarly reported to the Committee and Pension Board.
- 3.5 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.
- 3.6 If however poor performance continues the Fund, under legislation, has the opportunity to charge an Employer for additional costs, if the work carried out for it is disproportionate to that for other Fund Employers. This process 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.

- 3.7 The Fund is developing a chargeable service to employers where there is continued failure to meet the agreed service standards or in circumstances when additional assistance is required outside the agreed Service Level Agreement. A separate Brochure will be produced outlining the chargeable services available and terms of engagement.
- 3.8 The Pension Board will undertake to assist the Fund in the implementation of the Administration Strategy, making recommendations to the Committee as necessary.
- 3.9 The Committee was asked to approve the revised Pension Administration Strategy which will then be consulted on with Fund Employers to become effective from 1<sup>st</sup> June 2019.

#### **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 have had the opportunity to input to this report and have cleared it for publication.

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