

Bath & North East Somerset Council		
MEETING:	AVON PENSION FUND COMMITTEE	AGENDA ITEM NUMBER
MEETING DATE:	24 JUNE 2011	
TITLE:	PENSION FUND ADMINISTRATION - EXPENDITURE FOR YEAR TO 31 MARCH 2011 AND PERFORMANCE INDICATORS FOR 3 MONTHS TO 30 APRIL 2011	
WARD:	'ALL'	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1	Summary Financial Account: financial year to 31 March 2011	
Appendix 2	Summary Budget Variances: financial year to 31 March 2011	
Appendix 3A	Balanced Scorecard : 3 months to 30 April 2011 (narrative)	
Appendix 3B	Balanced Scorecard in 3A: Graphs for <i>selected</i> items	
Appendix 4A	Customer Satisfaction Feedback in the 3 months to 30 April 2011 (<i>Retirements from ACTIVE status</i>)	
Appendix 4B	Customer Satisfaction Feedback in the 3 months to 30 April 2011 (<i>Retirements from DEFERRED status</i>)	
Appendix 4C	Customer Satisfaction Feedback in the months to 30 April 2011 (<i>Pensions Clinics</i>)	

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 financial year to 31 March 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 30 April 2011.
- 1.3 In April 2011 Internal Audit completed a review of the Fund's process for receiving pension contributions as part of the Council's Anti Fraud Plan. The outcome of the review is set out in Section 8 of this report.

2. RECOMMENDATION

That the Committee notes

- 2.1 the expenditure for administration and management expenses incurred for the year ending 31 March 2011 and Performance Indicators for the 3 months to 30 April 2011.**
- 2.2 the conclusions from the Internal Audit Report**

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 March 2011 and are contained in **Appendix 1**.
- 4.2 The variance for the year to 31 March is £661,000 under budget. Of this total under spend, £200,000 was within the directly controlled Administration budget. The under spend was achieved at the same time as the full one off costs of implementing the Altair Member Self Service System were incurred in the year.
- 4.3 A detailed analysis of the 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 30TH APRIL 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** in line with the target set for the year. The actual figures for last year in some areas were below target due to the delay from "GAD" (Government Actuaries Department) in supplying revised factor tables as a result of the change in the way pension increases were calculated [RPI to CPI]. The problems reported last meeting of the unavailability of the pensions administration system due to some "teething" problems following the switchover from AXIS to Altair have now been significantly reduced. This can be seen from the improvements for the current period
- 5.3 The delay in issuing relevant factor tables has also meant that providing quotations for members wanting to buy extra pension benefits by "ARCs" (Additional Regular Contributions), has had to be suspended. Members have been informed of the delays and the reasons for this. These tables are still awaited but DCLG have recently issued information on possible ways to proceed on this. 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. However, GAD is in the process of revisiting the Factor Tables again as a result of a European Court decision on unisex tables. Until further instruction is received from DCLG current tables will be used.
- 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. 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. The statements were issued in February and March. As a result of work done already, the statements for 2011 will be sent out considerably earlier in Autumn 2011.

6. CUSTOMER SATISFACTION FEEDBACK IN 3 MONTHS TO 30TH APRIL 2011

6.1 *Retirement Questionnaires*

Appendix 4A reports on the customer satisfaction based on **57** questionnaires returned from **active** members retiring. On average 68% 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 **24** questionnaires returned from *former* active members retiring from **deferred** status. 92% 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 95% (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 3 clinics were held 50 members gave feedback with a good/excellent rating of 98% for the service provided by APF staff. The venue and location also scored highly with a good/excellent rating of 96%. (See **Appendix 4C**)

7. EVENTS DURING THE PERIOD

7.1 **PENSIONS ADMINISTRATION STRATEGY:** became operative from 1st April 2011. Work is in hand to roll out a revised Service Level Agreement (“SLA”) which will incorporate mutual stretch performance targets. A questionnaire has been sent to employers to find out their training requirements.

7.2 **EMPLOYER SELF SERVICE;** The Heywood self-service facility for Scheme employers has now been tested in-house and by a Scheme Employer and will be released to employers in June 2011.

8. INTERNAL AUDIT REPORT

8.1 As part of the 2010/11 Anti Fraud Plan, an audit review was carried out of Avon Pension Fund - Assets and Revenues by Internal Audit. The review concentrated on the processes in place to control and account for the monthly payments received from participating employers relating to employee and employer contributions. During the period under review (April to December 2010) the fund received c. £70 million in contributions. From sample testing no evidence of fraudulent activity was identified.

8.2 The auditor concluded from the review that the administration and management of the system of internal controls was good and only minor weaknesses were

identified. As a result the Fund was given an Assurance Level 4 rating - Good Control Framework - for this aspect of its control environment.

8.3 The minor weakness identified was in the validation/certification by employers of the monthly form stating the contributions being paid to the Fund. Incorrect or invalid certification received from participating employers could lead to the wrong contributions being made. Finance officers will return forms that are not signed by the responsible manager.

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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Background papers	Various Accounting and Statistical Records Internal Audit Report April 2011