

Bath & North East Somerset Council

MEETING: LOCAL PENSION BOARD

MEETING DATE: 30 November 2021

TITLE: PENSION FUND ADMINISTRATION
Overview & Summary Performance Report

WARD: ALL

AN OPEN PUBLIC ITEM

List of attachments to this report:

- Appendix 1 – Performance against SLA & Workload
- Appendix 2 – Annual Summary of Fund Membership Data Quality
- Appendix 3 – Progress on Key Projects
- Appendix 3a – Service Plan Monitoring

1 THE ISSUE

- 1.1 The purpose of this report is to present the Fund's performance for the three months to 30th September 2021 against its key performance indicators (KPI's) in relation to the administration of pension benefits.
- 1.2 The report also addresses the Fund's business operational position from an overall risk perspective

2 RECOMMENDATION

The Pension Board is asked to Note:

- 2.1 Fund performance for the three months to 30th September 2021.

3 COVID-19 AND FUND BUSINESS CONTINUITY

- 3.1 With multiple lockdowns occurring since 23rd March 2020, the Fund focussed on communications, across all relevant stakeholders to monitor and manage business operations remotely.
- 3.2 As the situation continues to evolve it has become clear that there will not be a return to the previous 'normal' office working arrangements with the expectation of a more blended working approach being introduced by the employing authority going forward. With a small exception the majority of officers continue to work remotely from home with limited access to the office.

4 WORKLOAD

- 4.1 **Appendix 1** provides details of APF performance up to the end of the last quarter for KPI's measured against the current SLA. Generally, the Fund continues to operate below its desired target of >90% for most case types (Annex 1) although the case-by-case breakdown (Annex 2) evidences an improvement in critical processes for retirements and death cases from the previous quarter. Overall, however, KPI benchmarking performance has declined over the past year (Annex 3).
- 4.2 Operationally, on the Member Services team there has been an increase in new monthly tasks over the previous 18 months from circa 1,800 to 2,200 tasks per month with the current outstanding cases totalling 4,980 (an increase of 87% since March 2020). The main volume of work is with member refunds, active member retirements and retirements from deferred status. Member estimate requests have increased by 40% over the same period. General enquiries also remain high in volume and a number of these identified as duplicate chasers.
- 4.3 As outlined in the previous quarterly report a project has now been set up to manage the outstanding workload identified in Annex 5. The project will run for a period of 6 months from October to March with the aim being to clear down all 'backlog' cases. At the same time business as usual will continue to be managed. Officers on Member Services team have been divided into project and BAU and will taper across to BAU as the backlog reduces.
- 4.4 Detailed progress on the backlog project will be brought to future Pension Board meetings for noting and comment. The current overall position is set out below

Member Services Backlog Dashboard as at 15/11/2021 06:46:08

Project Start	11/10/2021	Starting Backlog	4,238	Days Allocated	171	Comp Rate (orig)	24.78	Projected End	06/02/2022
Today's Date	15/11/2021	Completed	1,254	Days Elapsed	35	Comp Rate (act)	35.83	Running on Time	
Project End	31/03/2022	Outstanding	2,984	Days Remaining	136	Comp Rate (req)	21.94	% of Work Remaining	61.89%

4.5

5 RESOURCE RECRUITMENT & TRAINING

- 5.1 Recruitment and retention remain a key factor impacting business operations. With a further 2 resignations in the past quarter the administration team is currently carrying 8.5 vacancies across both employer and member services teams in addition the Technical & Compliance post remains unfilled and posts identified to support service transformation are still in development. The team is also carrying four maternity leave absences across the service at this time.
- 5.2 As such the agreed phased recruitment plan is behind schedule as staff movement continues to impact progress. Recruitment continues to backfill vacant posts, maternity cover and secondment to projects and overstaffing is being considered at Assistant Pensions Officer level to mitigate the impact of further staff movement.
- 5.3 To mitigate workload some project work has already been outsourced. In particular; GMP reconciliation project and address tracing project. Further bulk work will be considered for future projects although external resource support is also limited at present due to supplier demand. Mercer consultants continue to provide Technical & Compliance advice and guidance.

6 FIRE PENSION SCHEME – MOU & FRAMEWORK AGREEMENT

- 6.1 On 8th October the Local Government Association (LGA) and Fire Brigade Union (FBU) agreed on a mutually acceptable memorandum of understanding (MOU) and framework (IDF), setting out a mechanism for handling immediate detriment cases, to assist Fire & Rescue Authorities to make immediate detriment payments to members who have retired or are due to retire.
- 6.2 It is for each Fire & Rescue Authority as the relevant scheme manager to adopt the IDF. Avon Fire Authority (AFA) will meet to agree its approach in December 2021.
- 6.3 If the IDF is adopted by AFA this will enable payments to be considered for affected members in advance of the remedying legislation which is expected in October 2023.
- 6.4 Undertaking delivery of the IDF will be a complex matter and will require admin resource with specific technical skills and knowledge to manage. At this time the Fund has initially identified five officers to manage delivery.
- 6.5 Adoption of the IDF will impact business operations as resource is re focussed and work will need to be reprioritised in the short term. Further information will be presented to the Pensions Committee and pension Board as the situation evolves.

7 ANNUAL SUMMARY OF FUND MEMBERSHIP DATA QUALITY

- 7.1 The scheme Actuary has produced a member data overview following the interim valuation see appendix 2. This report compares APF current data position to that of 2017 when Mercer first reviewed the impact of poor data against employer liabilities. Mercer have identified key areas where the Fund held poor or missing data to which we have been able to focus data cleansing projects.
- 7.2 The Employer Services team will be using the 2021 data tool to focus on the main areas of data cleansing in advance of the 2022 valuation. Officers will continue to work with scheme employers to improve member data which will result in both a positive impact on employer costs and improvement in overall accuracy of member information in meeting compliance with TPR requirements.

8 PROGRESS ON KEY PROJECTS

- 8.1 **Appendix 3** provides the current position on a number of key operational projects currently in progress with an outline of further actions to be taken.
- 8.2 This is not a comprehensive list of all strategic admin projects and will be developed going forward to reflect APF expectations measured against those as set out in the service plan.
- 8.3 For completeness **Appendix 3a** outlines the Funds progress against the Service Plan.
- 8.4 Whilst the majority of projects remain in progress and on target some delays have inevitably occurred in other areas and overall strategic objectives will need to be reviewed and recalibrated as the Fund presents the business plan for 2022/2025.

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 STATEMENT

10.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

11 CLIMATE CHANGE

11.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Paris Aligned Global Equities, Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

12 OTHER OPTIONS CONSIDERED

12.1 There are no issues to consider not mentioned in this report.

13 CONSULTATION

13.1 The Report and its contents have been discussed with the Head of Business Finance & Pensions representing the Avon Pension Fund and Service Director – One West representing the administering authority.

Contact person	<i>Geoff Cleak, Pensions Manager; Tel 01225 395277</i>
Background papers	<i>Various statistical documents.</i>
Please contact the report author if you need to access this report in an alternative format	