

BATH AND NORTH EAST SOMERSET

PENSION BOARD

Tuesday, 21st September, 2021

Present:- Nick Weaver (Chair), Pete Sloman (Employer Representative), Helen Ball (Member Representative), Steve Harman (Employer Representative), Mark King (Member Representative), David Yorath (Member Representative) and Tony Whitlock (Employer Representative)

Also in attendance: Tony Bartlett (Service Director for Financial Control and Pensions), Jeff Wring (Service Director for Commercial and Governance), Geoff Cleak (Pensions Manager), Anna Capp (Member Services Manager), Claire Newbery (Employer Services Manager) Tariq Rahman (Audit Manager) and Carolyn Morgan (Governance and Risk Advisor)

15 WELCOME & INTRODUCTIONS

The Chair welcomed everyone to the meeting.

16 APOLOGIES FOR ABSENCE

There were none.

17 DECLARATIONS OF INTEREST

There were none.

18 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

19 ITEMS FROM THE PUBLIC

There were none.

20 ITEMS FROM MEMBERS

There were none.

21 MINUTES OF PREVIOUS MEETING: 27TH MAY 2021

The Board approved the minutes of the previous meeting.

22 LGPS REGULATORY UPDATE

The Pensions Manager introduced this report to the Board and highlighted the following areas from within it.

Public Sector Exit Payments Cap

No update on exit payment cap although first summary of data on average exit payments published and guidance on calculating special severance payments released in July.

No immediate action- details of any new exit payments cap still awaited but expected during Q4 potentially. The introduction of any new cap is likely to have administrative implications for the Fund depending on how it is structured.

McCloud Judgment

Following publication by MHCLG of Written Ministerial Statement in May, the Public Sector Pensions and Judicial Offices Bill got its first reading in the House of Lords in July.

Fund to continue work on collating/analysing data from employers in relation to implementing the remedy.

Actuarial firms are liaising with administration software providers to amend the Universal Data Extract to allow for McCloud prior to submission of membership data for the 2022 actuarial valuation. The next reading of the Bill will be in September.

Pete Sloman asked if there was any timeline indicated for a resolution on the Exit Payments Cap.

The Pensions Manager replied that there was not at the present time although regulations were expected to come into force from 2023. He added that a team of officers were in place within the Fund and that they were progressing with the data collection phase.

The Employer Services Manager added that work with employers regarding this was on track and they had received data updates from 130 of them.

The Pension Board **RESOLVED** to note the current position regarding the developments that could affect the administration of the fund.

23 FUND & EMPLOYER PERFORMANCE

The Pensions Manager introduced this report to the Board and highlighted the following areas from within it.

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 4,841 (an increase of 58% 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 35% over the same period. General enquiries also remain high in volume and a number of these identified as duplicate chasers.

As previously agreed by the Pensions Committee a managed phased recruitment process across pensions admin has been in operation since July 2020. During this time twenty-two officers have either been recruited new to post or have moved internally within APF. This process has been managed remotely by senior officers with training and support provided by the new officer training program.

A number of vacant posts remain across the service. (i) As part of the ongoing phased recruitment there are 4.2 fte posts to backfill. (ii) Recruitment of the Technical & Compliance Advisor remains outstanding following the recent advertising campaign resulted in no applications being received. (iii) Recruitment of Transformation Manager and Project Manager – currently being reviewed by Mercer consultant.

During the previous 12 months admin resource has been focussed on managing all critical process as outlined by TPR directive. In addition, during the last 5 months significant time and key officer resource has been focussed on specific projects including (1) Year End data reconciliation & ABS delivery (2) Firefighters Pension Scheme – Immediate Detriment cases (3) Clearance of pre 31st March leaver backlog cases – prior to year end.

Referring to Appendix 1 (Fund Performance against SLA – KPI's) he said that officers were aware that steps need to be made to address performance and workload.

He said that an agreement was in place with the service managers and staff to put in place two teams from October (i) Backlog Focus Team and (ii) Business As Usual Team. He added that these teams would look to be in place for six months, with a review of progress to take place after three months.

He stated that as much as possible they would try to encourage the use of the Member Self Service function as part of My Pension Online.

There has been a minor downturn in the Funds recorded common data errors across most membership categories, with an overall data score of 95.56% for the quarter ending June 2021 down from 95.64% from the previous quarter. Due to work being undertaken on the Interim Valuation this year, data cleansing continues as a key focus. This will continue throughout the next year prior to the Valuation for 2021/2022.

Helen Ball commented that it was important to find the balance between current work and the backlog and welcomed the plans that were being put in place to try and achieve this. She asked if officers knew particularly why there had been an increase in queries.

The Pension Manager replied that in the main it was probably due to a degree of uncertainty surrounding the pandemic and people therefore wanting information

about their pension. He added that it appears that a higher than usual volume of employees have decided to change their employment over the last 18 months.

The Member Services Manager added that staff were trying to progress enquiries as best they can and felt that the focussed approach over the next six months would help.

Helen Ball asked officers to consider whether the Board could have a role in raising awareness of the Member Self Service function to encourage its use.

David Yorath asked if there was likely to be an increase in outsourcing of work.

The Pensions Manager replied that there was no intention to outsource any further work and that this had only been done for two bulk areas of work e.g. Address Tracing and GMP rectification.

Pete Sloman asked how blended working might impact future work and training. He said that if possible it would be better for a number of staff to be back in the office to support each other and attempt to take some pressure off of the more experienced staff.

The Pensions Manager replied that the Member and Employer teams do rely on working together. He said that as part of the plan to clear the backlog of enquiries team members would be given a controlled number of cases to clear. He added that it was hoped that a sensible approach to blended working would be found.

The Service Director for Financial Control and Pensions acknowledged that there is a degree of pressure on the management team and said that across the service there is a large number of good staff. He added that the aim will be to keep things steady over the coming months as they await guidance on when staff can return to the office.

Pete Sloman stated that staff should be supported as much as possible.

The Chair asked if there was IT equipment available to staff who need it.

The Pensions Manager replied that equipment was being supplied but said that the Pensions Service was not within the first or second phase of the new laptop rollout.

The Service Director for Financial Control and Pensions said that it was likely that they would form part of the third phase but was unsure of when that would commence.

The Service Director for Commercial and Governance commented that Microsoft Teams was now available to all staff and that new laptops will be issued to all staff in time and that he expected significant progress to be made in the next Quarter. He added that he would enquire whether the rollout for the Pensions Service could be accelerated.

Helen Ball said that she would like the concerns of the Board regarding employee workload and IT equipment availability to be passed on as it was critical to enable service delivery.

David Yorath commented that he welcomed the issue of climate change being acknowledged within the report.

The Chair asked if there were any further comments regarding recruitment or the Firefighters Pension Scheme – Immediate Detriment cases.

The Pensions Manager replied that the recruitment process has been challenging during the pandemic and wished to thank both the Employer Services Manager and Member Services Manager for their work. He added that the retention of staff also remains an issue.

He said that historically there was very little movement within the Firefighters Pension Scheme, but there were now four separate schemes that were conflicting and difficult to understand. He added that there was no technical solution in place in terms of the Immediate Detriment cases with all work to calculate and provide member options being carried out by officers manually.

The Pension Board **RESOLVED** to note the Fund performance for the three months to 30th June 2021.

24 BRUNEL UPDATE (VERBAL UPDATE)

The Service Director for Financial Control and Pensions addressed the Board. He explained that there are seven new Pension Chairs on the Brunel Oversight Board following the Local Elections in May.

He stated that the transition of Avon's assets to the pool was now complete.

He informed them that Brunel have arranged two Investor Days that will take place on 27th September and 6th October respectively. He added that a Shareholder Forum was also due to take place in October.

The Board **RESOLVED** to note the update.

25 ANNUAL AUDIT REVIEW

The Audit Manager introduced this report to the Board. He explained that Internal Audit last presented to the Pension Board on 13th June 2019 and due to the pandemic did not have the opportunity to report during 2020.

He stated that the Internal Audit Service had carried out and reported on 5 audit reviews since June 2019 and that the Audit reports were attached at Appendices 1 – 5. He added that for each of the 5 reports the audit opinion recorded an Assurance Level 4 – 'Good' and there were not any significant issues to the bring to the Boards' attention.

He added that follow-up work on the iConnect audit and the Scheme of Delegation audit found that all recommendations had been implemented. For the Altair IT System Access audit, one recommendation remains outstanding, and this recommendation is in the process of being implemented. The Risk Management and the Code of Practice 14 audits will be followed-up later in the financial year.

Steve Harman commented that he would like to thank all involved in the work of the audits and felt assured that the appropriate processes were in place.

David Yorath asked if any elements of Prince 2 could be incorporated into future project management tasks.

The Audit Manager replied Prince2 is one method and there are others like Agile. Prince2 normally travels in one direction in a project whereas Agile more easily allows officers to go back and forth within a project to make changes. However, he added that there were aspects of Prince 2 that were followed within the area of work reviewed.

The Chair said that he welcomed the work that had been undertaken and asked if there were plans for future audits.

The Pensions Manager replied that a discussion will take place between himself, the Service Director for Financial Control and Pensions and the Audit Team in due course. He said that an audit on Performance Progress could take place.

The Service Director for Financial Control and Pensions added that a Pensions Payroll audit has recently been completed and that this piece of work will be reported in due course. He added that an audit for the future could include Anti-Fraud.

The Board **RESOLVED** to note the report and outcomes of the Internal Audit work carried out on the Avon Pension Fund.

26 PENSION BOARD ANNUAL REPORT

The Governance & Risk Advisor introduced this report. She explained that the Pension Board reports annually to Council on the work it has undertaken in the previous twelve months and that reference is also made in the report to the future work programme. She stated that the report will be taken to Council on 18th November 2021 along with the Pension Committee's annual report to Council.

The Board **RESOLVED** to approve the Annual Report for 2021.

27 RISK REGISTER UPDATE

The Governance & Risk Advisor introduced this report. She informed them that following the quarterly review of the risk register one of the risk scores was increased as follows:

R01- Disaster Recovery & Business Continuity

The score has been increased from:

Likelihood – unlikely & Impact – medium = score of 6
To Likelihood – likely & impact – medium = score of 9

This is to reflect the fact that the Business Continuity Plan is currently being reviewed by Audit. Plus, following the cyber security benchmarking exercise completed with AON we are currently analysing the results and further internal assurances will be required from IT. An action plan will be developed and a full report taken to Pension Board in Nov 2021 & Committee in December 2021.

The Board **RESOLVED** to note the report.

28 PENSION BOARD WORKPLAN & TRAINING PLAN

The Governance & Risk Advisor introduced this report. She highlighted the Brunel Investor Days that were due to take place in the format of an online seminar on 27 September & 6 October 2021.

The Chair asked if any members needed to update their TPR Toolkit.

The Governance & Risk Advisor replied that she has circulated information on this matter and would welcome any further completions / notifications.

The Board **RESOLVED** to note the report and recommends high level training needs through 2021/22.

The meeting ended at 11.35 am

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services