

Bath & North East Somerset Council

MEETING: LOCAL PENSION BOARD

**MEETING
DATE: 3 March 2022**

**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 – TPR Data Improvement Plan

Appendix 3 - Progress on Key Projects

1 THE ISSUE

- 1.1 The purpose of this report is to present the Fund's performance for the three months to 31st December 2021 against its key performance indicators (KPI's) in relation to the administration of pension benefits.
- 1.2 The report also provides an overview of the plan to undertake the tri-annual valuation.

2 RECOMMENDATION

The Pension Board is asked to Note:

- 2.1 Fund performance for the three months to 31st December 2021.
- 2.2 The plan to undertake the tri-annual valuation

3 COVID-19 AND BUSINESS CONTINUITY

- 3.1 With multiple lockdowns since 23rd March 2020, the Fund has focussed on communications, across all relevant stakeholders to monitor and manage business operations remotely.
- 3.2 As the government begins to remove COVID restrictions, APF officers are undertaking a more blended working approach in line with arrangements being introduced by the employing authority. Temporary working arrangements are now in place to occupy 15 workstations in the Guildhall.

- 3.3 Arrangements for future long term office accommodation are currently taking place at high level with discussions between the Head of Business Finance & Pensions and B&NES.
- 3.4 In light of changes made to operational service delivery brought about by the pandemic, the management team are in the process of reviewing current Business Continuity Plans and a report will be presented to the Pensions Committee and Pension Board at a future date.

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 overall improvement in critical processes for retirements and death cases from the previous quarter. Generally, however, KPI benchmarking performance has declined over the past year (Annex 3).
- 4.2 A contributory factor relating to underperformance can be associated with the inclusion of the current backlog project and the processing of historic workload cases impacting KPI's.
- 4.3 As outlined in the previous report, a short-term project is in progress to complete the build-up of processing work identified at the end of September 2021. The project is set to run from October to March with the aim being to clear down all 'backlog' cases over a six-month period whilst continuing to maintain all new business as usual tasks in time.
- 4.4 Detail on progress made to clear the backlog are shown below. Currently there is a projected six week overrun on the original completion date which has been attributed to two factors being; an increase in staff officer resource transitioning from the project to support business as usual and the complexity of a number of backlog cases remaining.

Member Services Backlog Dashboard as at 14/02/2022 06:50:03

Project Start	11/10/2021	Starting Backlog	4,230	Days Allocated	171	Comp Rate (orig)	24.74	Projected End	08/05/2022
Today's Date	14/02/2022	Completed	2,547	Days Elapsed	126	Comp Rate (act)	20.21	Running Late	
Project End	31/03/2022	Outstanding	1,683	Days Remaining	45	Comp Rate (req)	37.40	% of Work Remaining	35.36%

4.5

5 FIRE PENSION SCHEME – MOU & FRAMEWORK AGREEMENT

- 5.1 The Fund continues to support the Avon Fire Authority in providing affected members with retirement options as identified under the immediate detriment and framework (IDF) agreement in lieu of the McCloud remedy.
- 5.2 Full adoption of the IDF by Avon Fire Authority 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.

6 RESOURCE RECRUITMENT & TRAINING

- 6.1 Recruitment and retention remain a key factor impacting business operations. With a further 2 resignations in the recent past the administration team is currently carrying 8 vacancies across both employer and member services teams in addition the Technical & Compliance post remains unfilled. The administration is also carrying three maternity

absences across the service at this time. Of the above, Employer Services currently have 5 FTE outstanding vacancies, after 2 rounds of recruitment the posts remain vacant.

- 6.2 As such the previously 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.
- 6.3 To mitigate operational workload some project work has already been outsourced. In particular; GMP reconciliation project and the address tracing project. Officers are now in discussion with external bodies to procure additional support for the leaver data backlog (appx 2,000 cases). Mercer consultants continue to provide Technical & Compliance advice and guidance.

7 SUMMARY OF FUND MEMBERSHIP DATA QUALITY

7.1 As we head toward the financial year end officers are now making preparations for the triannual valuation, and the following actions are being taken:

- Using the Mercer data tool we are reviewing all consistency errors, clearing approximately 1,000 errors
- Reviewing employer data by employer size and data liability as indicated by the Mercer tool. We are working through the data errors and will be contacting employers to resolve queries where data is missing.
- CARE roll up reports used to identify missing data and casual workers that have not been paid for some time and requesting employers to make them leavers.
- Back log of leavers to be reviewed, we are looking to identify leavers from smaller employers to help reduce their liability.
- Employer Relations team are running training workshops for employers that have received penalty charges for 2020/21 year end.
- TPR data queries are being analysed and split between current and historic cases and will be project managed by a senior member of the Employer Services team to complete.

The data tool from Mercer has been a fundamental source of information as it ranks employers by liability and size to ensure we can focus our limited resource.

7.2 Following a review of the 2020/21 year end employer submissions, 6 penalty charges have been issued in accordance with the Pensions Admin Strategy:-

- 1 x excessive data queries
- 2 x late returns
- 3 x Disproportionate work

In addition to the above, 12 Data Improvement Plans have been issued to other employers who have data issues but did not receive a penalty charge. 5 of the fined employers have attended pension data workshops.

7.3 Officers are developing the TPR DIP report to provide an annual trending view of the outstanding cases for the last 12 months. A draft of the current report is attached at

Appendix 2

Valuation Timeline

7.4 All employers have been contacted with regard to year end data requirements and have been instructed to provide the Fund with complete membership data returns by 30th April. This will allow the Fund two months to identify any data cleansing and processing of pre - 31st March case work.

7.5 The full data extract will be supplied to the scheme actuary at the end of June.

7.6 For committee and Pension Board the 2022 valuation exercise will start with a joint workshop in June. The workshop will discuss the indicative results (which reflect changes in financial markets only) and the assumptions to be used in the valuation. It will also cover the Funding Strategy Statement (FSS) as the revised draft statement will be considered by the Committee at its June meeting before it is issued to employers for consultation. The Pension Board will also be part of the FSS consultation. At the September meeting the FSS will be approved by committee having considered the consultation responses and employer specific contribution results will be disseminated from late October. The outcome of the 2022 valuation will be taken to the March 2023 committee meeting.

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 administration projects and the report will be developed going forward to reflect APF expectations measured against those as set out in the service plan.

8.3 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 SERVICE PLAN 2022/2025

9.1 The Fund is currently preparing the 2022/2025 Service Plan and Budget for approval by the committee at its meeting on 25th March

9.2 A number of key changes to the business operational model will be taken forward in order to support the drive to deliver a more efficient automated service.

9.3 An overview of the proposed operational model and top level structure concept will be presented to the Pension Board for discussion.

10 RISK MANAGEMENT

10.1 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.

11 EQUALITIES STATEMENT

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

12 CLIMATE CHANGE

12.1 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.

13 OTHER OPTIONS CONSIDERED

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

14 CONSULTATION

14.1 The Report and its contents have been discussed with the Service Director – Financial Control & Pensions representing the Avon Pension Fund and the Service Director – Commercial & Governance 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	