

Bath & North East Somerset Council

MEETING: **AVON PENSION FUND COMMITTEE**

MEETING DATE: **17 March 2023**

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 service performance for the three months to 31st December 2022 against target service levels.
- 1.2 The report also addresses the Fund's business operational position from an overall risk perspective and provides an update forecast on the Funds cash flow and budget.

2 RECOMMENDATION

The Committee is asked to Note:

- 2.1 Fund performance for the three months to 31st December 2022.

3 BUSINESS CONTINUITY

- 3.1 Keynsham Civic Centre has now re-opened with APF acquiring office space comprising of 46 workstations equating to approx. 60% of the workforce. Hot desk booking arrangements remain in place if required. In line with arrangements introduced by Bath & North East Somerset Council, officers are undertaking a more blended working approach. The management team have mandated a minimum of 2 days per week in-office working and this will be kept under review.

4 WORKLOAD

- 4.1 **Appendix 1** provides details of APF performance to the end of the last quarter for KPI's measured against the current SLA.

- 4.2 With incoming case work generally increasing per quarter (Annex 5) the Fund continues to operate below its desired target of >90% for most case types (Annex 1). Although there has been a marginal improvement overall with previous quarters, generally, KPI benchmarking performance has remained below target (Annex 3).
- 4.3 A complex mix of challenges have contributed to the continued downturn including increased member churn and acceleration of scheme employers providing data monthly.
- 4.4 Once in place, the agreed new Admin Operating Model will embrace available systems technology to bulk process the majority of leavers, reducing the amount of manual intervention. However, urgent action is required now to manage the current volume of leavers separately to enable better focus on all other processes in order to drive improvement in both performance and member experience.
- 4.5 To deliver the change programme, the senior leadership team have agreed to the creation of an interim 'leaver processing team' which will provide end to end processing of all non-critical leavers including current backlog and aggregation. Staff resource will be drawn from the existing Employer and Member Services teams and will remain in place pending the formal service restructure expected towards the end of the year.
- 4.6 It is expected that interim arrangements will be in place by early May and information detailing workload and performance will be reported to future Pensions Committee and Pensions Board.

5 RESOURCE RECRUITMENT & TRAINING

- 5.1 Recruitment and retention remain a key factor impacting business operations with both member and employer services carrying vacancies (including maternity cover). Overall, the administration is appx 88% resourced.
- 5.2 To mitigate operational workload some project work has already been outsourced. In particular; GMP reconciliation project and the address tracing project. Mercer consultants continue to provide Technical & Compliance advice and guidance.

6 SUMMARY OF FUND MEMBERSHIP DATA QUALITY

- 6.1 The Fund continues to maintain a Common Data score above 95%. The TPR Data Improvement Plan (DIP) report at **Appendix 2** provides an overview and trend of in-scope cases over the previous 12 months.
- 6.2 Missing CARE Pay – The number of errors across all periods have reduced from 208 to 136. The increase in numbers for the older years has been generated on the back of recent work done by the data control team to clear queries in other areas.
- 6.3 In preparation for the Pensions Dashboard Programme, the Data Control team will focus specific resource on historic queries with a view to clearing all TPR errors that have been outstanding for 1 year plus.

7 PROGRESS ON KEY PROJECTS

- 7.1 **Appendix 3** provides the current position on a number of key operational projects with an outline of further actions to be taken.
- 7.2 This is not a comprehensive list of all strategic administration projects, and the report will continue to evolve, reflecting APF expectations measured against those as set out in the service plan.

8 BUDGET MONITORING

8.1 The budget outturn for the year was underspent by £500k. The detailed budget and cashflow monitoring tables can be found on the Mod Gov Library.

	Status	Comment if significant under/over
Administration		Reduced salaries expenditure due to delays in filling vacant posts against budget in Admin team. This underspend has been partially offset by external support brought in.
Governance & Compliance		Reduced salaries expenditure in Investments team due to staff vacancies that are in the process of being filled.
Pensions Board		
Total		

Key:

	Significant underspend (>5%) against budget for the year
	On budget for the year (not significantly under or over)
	Significant overspend (>5%) against budget for the year

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 addresses 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 Council's Monitoring Officer and Section 151 Officer have had the opportunity to input to this report and have cleared it for publication.

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	