

Bath & North East Somerset Council

MEETING: **LOCAL PENSION BOARD**

MEETING DATE: **23 May 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 – Service & Transformation Plan (to be circulated by 18 May 2023)

1 THE ISSUE

The purpose of this report is to present the Fund's administration performance for the three months to 1 31 March 2023 vs key performance indicators (KPI's).

2 RECOMMENDATION

The Pension Board is asked to Note:

2.1 Fund performance for the three months to 31 March 2023

3 BUSINESS CONTINUITY

3.1 The Pension team moved back to the Keynsham Civic Centre in October 2022. All full-time staff now work in a hybrid way with a minimum of 2 office days per week. This move supports improved training & development and team working.

4 WORKLOAD & PERFORMANCE

4.1 Appendix 1 provides details of APF performance to 31 March 2023, for KPI's measured vs SLAs. The Fund continues to operate below its desired target of >90% for most case types (Annex 1) and the case-by-case breakdown (Annex 2) demonstrates an overall general maintenance from previous quarters.

4.2 The fund is now in the early stages of preparing a service improvement plan to address failing targets and member services. The plan spans 2 years to December 2025. The fund anticipates a difficult period over the next 6 months before service standards begin to improve.

- 4.3 From 65% of services meeting SLAs in Q3 2022 to 75% in Q1 2023, we are targeting “90% 2025”. Further details are shared in a presentation in Appendix 3 (to be circulated separately).
- 4.4 Following reduction in the SCAPE discount rate on 30 March 23, we are holding c.800 cases for processing until GAD release new factors, expected in June 2023.
- 4.5 Following the 10.1% inflation increase for pensions, the teams experienced a high level of phone calls from pensioners who received an additional lump sum in their pension. An additional 300 calls were received in the last week in April. The increase also meant the team had to re-visit c.100 members who left between 31 March and 5 April 2023, to recalculate pension and write to members.

5 RESOURCE RECRUITMENT & TRAINING

- 5.1 Recruitment and retention remain a key factor impacting business operations with 12 (17%) of 71 FTEs vacant. The service improvement plan presentation will cover this in further detail with plans to tackle recruitment in 3 phases over the next 12 months.
- 5.2 The fund also has a high volume of temporary posts due to projects and other business change. As part of the transformation project, a restructure is planned to take place during 2023 to finalise the permanent structure, subject to BANES’ support.
- 5.3 Key people have left the fund in the last few months, namely the Pensions Manager retiring in March and the Payroll Team leader resigning in April. Both posts have been successfully filled. The Payroll loss had a significant impact on the fund to ensure business as usual for payroll and signifies a period of change for the fund.

6 YEAR END & VALUATION

- 6.1 The vast majority of employers submitted year-end data files by the deadline of 30 April 2023. The fund is now validating and loading data to finalise the year-end process by 30 June before moving to the annual benefit statement process.
- 6.2 Employer returns will be scrutinised in the Autumn for penalty fines for late or poor data returns, with further details will be reported to the Board in the December report.

7 ANNUAL BENEFIT STATEMENTS.

- 7.1 The Public Service Pensions Act 2013 requires Funds to produce Annual Benefit Statements by 31 August annually.
- 7.2 The fund is on track with the ABS project although, with recent regulation changes and impacts to the member services team, we are unlikely to clear as many outstanding leaver cases as planned.
- 7.3 The Quality Assurance team has started testing provisional data and the templates for ABS are being finalised.

8 SUMMARY OF FUND MEMBERSHIP DATA QUALITY

- 8.1 The Fund maintains a Common Data score above 95%. The TPR report summarises an annual view of outstanding cases for the last 12 months, please refer to **Appendix 2**.

9 PROGRESS ON KEY PROJECTS

9.1 The fund has recently undergone a change review programme to encapsulate all current ongoing projects for administration. Projects include regulatory change, ongoing housekeeping, and transformational projects to progress the funds digital administration strategy. A presentation on the funds change programme will be given to the Board.

10 MEMBER AVC ARRANGEMENTS – CHANGE OF PROVIDER

- 10.1 Following a review of the AVC market, the Fund has successfully moved members to Legal & General as their sole AVC provider. All existing contracts (with a few exceptions) have been migrated in a phased approach to L&G.
- 10.2 Active member contributions were moved from January 2023, followed by the transfer of active and deferred pots in March 2023. The fund is now in a period of formalising business as usual with L&G.

11 RISK MANAGEMENT

11.1 The Avon Pension Fund Committee is the formal decision-making body for the Fund, with 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.

12 EQUALITIES STATEMENT

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

13 CLIMATE CHANGE

13.1 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 Pensions Committee and the Fund's climate targets are being reviewed and will be changed before the end of 2023.

14 CONSULTATION

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

Contact person	Claire Newbery, Pensions Operations Manager; Tel 01225 395247
Background papers	Various statistical documents.
Please contact the report author if you need to access this report in an alternative format	