

Bath & North East Somerset Council	
MEETING:	AVON PENSION FUND COMMITTEE
MEETING DATE:	23 JUNE 2023
TITLE:	FUND GOVERNANCE FRAMEWORK
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	

1 THE ISSUE

- 1.1 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 Committee:

- 2.1 Notes the service 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 actual APF service performance vs SLAs to 31 March 2023. The Fund is operating below its target of >90% for most case types (Annex 1) and the breakdown in Annex 2 demonstrates a broadly flat performance picture..
- 4.2 The Fund is starting to implement a service improvement plan which 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.
- 4.4 Following reduction in the SCAPE discount rate on 30 March 23, we are holding c.800 cases for processing until the GAD¹ releases 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 a lump sum in their pension. 300 extra calls were received in the final week of April. The increase

¹ Government Actuaries Department

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 presentation will cover this in further detail with plans to tackle recruitment in 3 phases over the next 12 months. The Scheme of Delegation schedule sets out the responsibilities delegated by the Committee to officers and how these operate in practice.
- 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' approval.
- 5.3 The Payroll team leader resigned in April and has been successfully filled. However this loss had a significant impact on the Fund as resources were 'borrowed' from other teams to ensure business as usual.

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, required before completing annual benefit statements for all members.
- 6.2 Late employer returns will be assessed in the Autumn for penalty fines, with details reported to the Committee in December.

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 ABS project is on track, with the Quality Assurance team testing provisional data and finalising the templates.

8 SUMMARY OF FUND MEMBERSHIP DATA QUALITY

- 8.1 The Fund maintains a Common Data score above 95%. The TPR² 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 undertaken a review of all current administration projects. Projects include regulatory change, annual initiatives, and projects to transform the Fund's digital capability. We will use the presentation in Appendix 3 to discuss this in greater detail.

10 MEMBER AVC ARRANGEMENTS – CHANGE OF PROVIDER

- 10.1 The Fund has moved members to Legal & General as their AVC provider. All existing contracts (with a few exceptions) have been migrated in a phased approach to L&G.

11 BUDGET MONITORING

- 11.1 The budget outturn for the 2023-24 year was an underspent by £422k.

² The Pensions Regulator

	Status (Year End Forecast)	Comment if significant under/over
Administration		<ul style="list-style-type: none"> Reduced salaries due to delays in filling vacant posts vs budget. Partially offset by additional external support.
Governance & Compliance		<ul style="list-style-type: none"> Reduced salary spend in Investments due to staff vacancies – which are in the process of being filled.
Pensions Board		<ul style="list-style-type: none"> Lower than expected meeting costs in year.
Total		

Key:



Significant underspend

On budget (not significantly under or over)

Significant overspend

12 RISK MANAGEMENT

12.1 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.

13 EQUALITIES STATEMENT

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

14 CLIMATE

14.1 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.

15 OTHER OPTIONS CONSIDERED

15.1 None.

16 CONSULTATION

16.1 The Council's Director of One West has had the opportunity to input to this report and has cleared it for publication.

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