

<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>Avon Pension Fund Committee Meeting</b>
MEETING DATE:	<b>15 December 2023</b>
TITLE:	<b>PENSION FUND ADMINISTRATION Overview &amp; Summary Performance Report</b>
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
<p>List of attachments to this report:</p> <p>Appendix 1 – Performance against SLA &amp; Workload</p> <p>Appendix 2 – TPR Data Improvement Plan</p>	

## 1 THE ISSUE

1.1 The purpose of this report is to present the Fund's administration performance for the three months to 30 September 2023 vs key performance indicators (KPI's).

## 2 RECOMMENDATION

### The Committee:

2.1 Notes the service performance for Q3, the three months up to 30 September 2023.

## 3 PERFORMANCE –

3.1 Appendix 1 summarises service performance vs SLAs<sup>1</sup> to 30 September 2023. The Fund is operating below its target of >90% for the majority of case types (Annex 1) and Annex 2 illustrates cases completed within/outside of the SLA. Service levels have stabilised since Q2 2023 and no aggregate deterioration has occurred, though service levels remain materially below where they need to be.

3.2 The following are key factors continuing to impact performance.

- **People:** the vacancy rate has reduced from c.15% but remains high with 7 vacancies (10%)
- **McCloud** regulations came in to force on 1 October 2023. The fund has undertaken significant work including testing, training and process changes during September to ensure we align with regulations from the required date. We are currently stock piling transfer-out cases for members who may be impacted by the underpin while we await further GAD guidance. We are operating within regulations but awaiting further regulatory guidance before we can rectify members affected from 1 April 2014 to 31 March 2022. We have

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<sup>1</sup> service level agreements

identified c.25,000 members who are in scope of the underpin who may require re-calculation and remedy.

- **Pension Increases:** a project team has been formed to review and rectify c. 1,500 cases with potential errors. We are currently working with our software provider and an external consultant to remedy affected members, including members who may have died. We pay c. 40,000 current pensioners per month and believe the issue impacts approx. 3.7% of these.
- **Demand:** we continue to experience a rise in incoming case load, see Annex 5. All work on hold due to the SCAPE rate change earlier this year has now been released and is reflected in the high level of refunds and deferred benefit tasks over 60 days. The team has focused on backlog and complex cases, which impacts KPI measures (cases completed outside of KPI measures). And in the last 3 months we have succeeded in reducing the backlog by c.300 cases.
- **Avon Fire Service:** APF is currently handing over administration of the scheme to West Yorkshire, with an exit date of 31 January 2024. This is consuming 2-3 FTEs of APF resources as the project enters its final stages. Work is ongoing to ensure clean reconciliation and data transfer, with payroll services controlled and transferred to the new provided. McCloud regulations for Fire also came in to force on 1 October which has triggered a higher-than-normal level of retirements which require processing before the transfer date.
- **Payroll:** ongoing secondment of member services team leaders to payroll continues to have an impact on the performance of the team. Though this issue will be mitigated during Q1 2024 as we build up Payroll resources.
- **Process weaknesses:** bulk fixes via our software provider are not currently available to address issues.
- **Management Information:** Despite improved MI being embedded in BAU decisions, development and better use of Insights reporting is still evolving.

## 4 PROGRESS

4.1 Significant progress has been made during this quarter to align the service for future improvement:

- **People:**
  - o Implementation of APF-wide market supplements appears to have helped stabilise staff attrition and is helping recruitment.
  - o 13 appointments have been made this quarter with start dates ranging from October 2023 to January 2024.
  - o Recruitment for 7 vacant posts is in progress.
  - o A significant post, Digital Services Manager was filled in November.
- **Demand:**
  - o Following the mailing of Annual Benefit Statements in August, member emails peaked at 600 outstanding items. A short-term task force was formed to tackle the backlog and response times have reduced from 2 weeks to 24 hours.
  - o A phone trial was conducted over a 3-week period (along with a 3-week control) during Sept-October, reducing phone opening times to 9am – 1pm to create capacity for member services to target backlogs and complex cases without regular interruption. MI evidences a material efficiency improvement with an additional 300 cases being completed during the trial period vs the control period. No detrimental impact on member servicing has been identified during the trial period and we will discuss next steps with BANES Customer Services.

## - Management Information

- Weekly resource decisions are being driven by MI with the support of a Business Analyst, driving better decisions and a focus on older cases and priority workload.
- Internal processes have been reviewed to remove duplication and the proportion of cases requiring peer checking.
- The process for refunds under £100 has been reviewed and risk assessed to streamline processing. Further work is ongoing to embed such improvements more broadly across member servicing.

## - Payroll

- A new structure has been agreed and we have appointed three pensions payroll officers who will start in January 2024. The new structure includes a payroll manager and recruitment for this post is planned for early 2024.
- APF has recently upgraded its Bank Account Validation (BAV) system, offering reassurance that new pensions payments are paid to the correct account. This upgrade is being tested and will be implemented by the end of Q4 2023.
- Mortality screening is due to re-commence in November with a new automated version of the software. The upgrade will provide better reporting and earlier detection of deceased pensioner members.

## 5 YEAR END & VALUATION

- 5.1 The fund processed 486 employer year end data returns at 31 March 2023.
- 5.2 In the financial year the fund saw 50 new employers join and 22 exit the scheme.
- 5.3 Following the employer year end data submission review, 2 employers will be fined for disproportionate work required by the fund. A penalty fine and data improvement plan (DIP) will be issued as well as ongoing training and support.
- 5.4 Four other employers will be issued with a DIP based on their data submission.

## 6 ANNUAL BENEFIT STATEMENTS

- 6.1 The Public Service Pensions Act 2013 requires Funds to produce Annual Benefit Statements for active members by 31 August annually.
- 6.2 The fund issued statements to 31,591 active members, 98 gone away's and 56 records in error were suppressed from the ABS run. This equals to 99.5% ABS statements issued within the statutory deadline. A final ABS sweep was run in October to issue revised or missed statements to members.
- 6.3 39,565 statements were issued to deferred members before 31 August 2023, 4088 statements were suppressed for gone away members.
- 6.4 The fund issued 70 Pension Savings Statements of which 14 had a potential tax charge. 100% of statements were issued within the regulatory deadline.

## 7 SUMMARY OF FUND MEMBERSHIP DATA QUALITY

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

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<sup>2</sup> The Pensions Regulator

7.2 An increase in incorrect or gone away addresses has occurred in this period, due to the bulk mailing for annual benefit statements in August.

7.3 The missing Care Pay cases has since been reviewed and the overall cases have been reduced by 123.

## 8 BUDGET MONITORING

1.1 As at September 30<sup>th</sup> 2023, the budget for the year (y/e forecast) is predicted to be significantly under spent as shown below.

	Status (Year End Forecast)	Comment if significant under/over
Administration		Reduced salaries expenditure due to delays in filling vacant posts against budget in Benefits team, 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		

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, 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.

## 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

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**

15.1 None.

## **13 CONSULTATION**

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

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