

Report to: **Pension Board**

Date: **4 February 2016**

By: **Head of Orbis Business Operations**

Title: **Officers' Report – Business Operations**

Purpose: **Update on the administration service provided to the Pension Fund by Orbis Business Operations**

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## ***RECOMMENDATIONS***

**The Board is recommended to:**

- 1) note the update provided; and**
  - 2) highlight any areas of particular interest for consideration at future Board meetings.**
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## **1 Introduction**

1.1 Business Operations within Orbis have prepared this summary of topical administration areas that may be of interest to the Board. This report is provided for information and subjects are presented in alphabetical order and not perceived importance.

## **2 Administration Performance – Key Performance Indicators**

2.1 On a monthly basis, Business Operations reports its Key Performance Indicators (KPIs) focusing on the main areas of administration that affect scheme members. These have developed based on 'industry standard' performance indicators rather than any statutory requirements. The monthly KPI reports for Quarter 3 (Oct 15 – Dec 15) are attached as **Appendix 1**.

2.2 A modest increase in overall performance for the Quarter 3 in some areas is apparent compared with Quarter 2 and the overall impact of performance below 100% target level on certain tasks (specifically transfers) will be low because of the numbers involved and the fact that there is no impact on scheme members.

2.3 The team relocated from Uckfield to Lewes in December 2015 and there have also been a number of staffing movements with four new staff having been appointed within the last few months. None of these staff had any prior pensions administration experience so considerable resource will need to be invested over the forthcoming months in training but it is anticipated this will lead to increased team performance over time. The two remaining vacant posts are currently being recruited to.

2.4 It is recognised that there are a number of unprocessed early leavers (i.e. non retirements) outstanding which will need to be completed as part of the preparation of the valuation data (see overleaf) and it is intended to bring in temporary additional resource to address this prior to the valuation submission.

## **3 Communications with members - Annual Benefit Statements 2015**

3.1 The production and distribution of 2015 Annual Benefit statements for all employers has now been completed with the exception of one employer who failed to complete a return. Feedback regarding the new layout designed to present the information regarding both the 2008 Final Salary Scheme and the 2014 Care Scheme in a user-friendly way has been very positive.

3.2 The Pensions Regulator was accepting of the difficulties faced by pension funds in the production of Annual Statements this year but, in common with other funds, we will be sharing an improvement plan for the issue of 2016 statements with the Regulator on behalf of all 5 funds for whom we provide administration services for. The production of statements in 2016 will follow immediately after the completion of the data submissions for the 2016 triennial valuation – see below – so it is not anticipated there will any difficulty in issuing the statements by 31 August 2016, the statutory deadline.

#### **4 2016 Triennial Valuation – Administration Processes**

4.1 The triennial valuation of the fund is due as at 31 March 2016 which will set employer contribution rates for the three year period commencing April 2017. From an administrator's point of view, it is essential that the quality of the data held on the Pensions administration system is of a sufficient standard to enable the actuary to successfully complete the valuation in a timely manner.

4.2 In this regard, from the detailed information provided by the Pension Fund Strategy and Governance team, Business Operations has set up a project team to handle the valuation data preparation requirements and has agreed a project plan and reporting exercise with the Pension Fund Strategy and Governance team. Importantly, the success of this process is very dependent on the co-operation of employers in submitting timely year-end returns for 2015/16 to enable the snapshot as at 31 March 2016 to be as accurate as possible and they will be asked to submit these by 30 April 2016.

4.3 A brief valuation administration summary, extracted from the detailed project plan, is attached as **Appendix 2** for information. Although the completion of year-end returns is ultimately the responsibility of employers, including ESCC employer. . As part of the preparation of this exercise, Business Operations with support from the pension Fund Strategy and Governance team will offer meetings with those employers who may have some concerns or issues in meeting the timescales in the delivery of this data extract exercise. The accuracy of the year-end returns will impact directly on the benefits detailed in the Annual Benefit statements as well as the actuarial outcomes from the valuation in terms of setting of employer contributions.

#### **5. Conclusion**

5.1 The subject areas contained in this initial report are intended as background or the Board to assist in understanding current issues occupying the Orbis pensions administration team. We would be happy to consider the inclusion of any specific topics of interest in future.

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