



Pension Board
26 July 2017

**Report from the Independent Chair
of Council's Pensions Board**

For information*

Wards affected:
ALL

Annual report

1.0 Summary

1.1 This report provides a summary of the work carried out by the Council's Pensions Board. The report covers the period from the Board's meeting in July 2016 to the end of 2016/17. It presents details of the Board members, training, the programme of work and items discussed during the Board's three meetings during the year, and major concerns to draw to the Council's attention.

2.0 Recommendation

To note the annual report, and agree to submit it to the General Purposes Committee.

3.0 Detail

3.1 The Board Membership

The membership of the Board during the year was as follows:

Brent Council employer representatives - Councillors Crane and Kabir
Trade Union representative – Unison – Bola George
Trade Union representative – GMB – Euton Stewart
Employer representative from another employer within the pension fund - Angela Cattermole, Finance Officer, of the Ark Academy (Who has since resigned).
Pension Scheme member – Trevor Dawson
Independent Chair – David Ewart

3.2 The Board's Training

The Board built on the training it had received in the two training seasons during 2015/16 with:

- In July 2016 a session provided by the Pension Funds Actuaries' Hymans Robertson LLP covering: The Pension Fund 2016 Actuarial Valuation.

The Board discussed its training needs at its March 2017 meeting.

3.3 The Board's Meetings

During the year the Board met three times

The July 2016 Meeting

At the meeting in July 2016, the Board:

- Agreed the Chair's Annual Report outlining the work of the Board for 2015/16
- Considered the draft Annual Report (Pension Fund Annual Accounts) This very full and informative report was considered at some length. The Board particularly noted the historically low funding levels of the Council's fund.
- Considered the Council's final Response to Government Consultation on Pooling of fund assets, with some unease.
- Considered an update on Performance of Capita, a recurring item, please see the section below.
- Were updated on the Actuarial Review and the progress on the Triennial Actuarial Review.
- Considered a report on the Smaller Admitted Bodies and the Triennial Review report, and noted with concern some of the risks identified.

The December 2016 Meeting

At the December 2016 meeting, the Board:

- Considered a report on the Breach of Internal Regulations, which although serious was noted to be only of internal requirements and mainly of a technical nature.
- Agreed how to respond to the Pensions Regulator Questionnaire

- Considered and noted the New Regulatory Oversight for Local Government Pension Schemes
- Were again updated on the Triennial Review, a recurring item please see section below.
- Noted the proposed action on the Actuarial Contract Re-Procurement process.
- The Pension Administration Contracts Performance 2016 (considered below).

The March 2017 Meeting

At the March 2017, the Board:

- Again considered the Pension Administration Contract Performance.
- Considered an update on Pension Fund Valuation.
- Considered a very useful update on matters considered by the Pension Fund Sub-Committee.
- The Board also discussion their Training Needs.

Key Issues identified from the Board's discussions during the year.

As a result of their discussion the Board would like to draw the following matters to the Council's attention.

- **The Fund's funding level**
The Board continued to note with concern The Brent Pension Funds level of funding, being the lowest in Local Government. Although, noting the relatively good current performance of the fund's investment, and being re assured by the Council commitment, as shown by the contribution rates agreed for the coming period, to bring the level of funding back to full funding over the longer term.
- **The Performance of the Pension Fund Administration Contract**
The Board considered reports on the pension administration contract performance by Capita at all three meetings. The Board noted that although the most up to date performance (1 October 2015 to 31 March 2016) showed that compared to the previous year performance had improved in all areas, the performance on the timeliness of cases involving payments was still only at 66.2%.

The Board also noted with concern, another significant issues with Capita's administration of the Pensions Fund, which was that some of the 2015/16 data relating to the 'CARE funding pots' (the LGPS is a contributory Career Average Revalued Earnings (CARE) Defined Benefit Scheme) appeared not to have been included as part of data supplied to be analysed by the Fund's Actuary's for the Triennial

Review process. Which had led to delays in the finalisation of the Triennial Review of the funding level and contribution rates.

The Board also noted that 782 Annual Benefit Statements had not been sent out to active members of the Scheme, despite an agreed 30th November 2016 deadline, (which was already late). There were also a number of Annual Benefit Statements, which had been sent out, which had inaccuracies, although these were in a minority. The Board was particularly concerned that the Council had needed to contact The Pensions Regulator to state that there had been non-compliance with the required Regulations due to delays in sending out the Annual Benefit Statements. A letter was sent in January 2017 to inform the Pensions Regulator of the non-compliance in meeting timelines to distribute annual benefits statements.

The Board is very concerned about these this troubling occurrence. Although they were, to so some degree, reassured that the Council was, as a matter of urgency, taking steps to addressing these issues with Capita, and that significant steps are being taken to address them.

3.4 The Board's work plan

During the current year the Board will:

- a. Continue to consider the performance on the Council's Pensions Fund Manager performance;
- b. Issues arising from the Brent Pension Fund Annual Report:
 - The risk framework; and
 - The Pension Administration Strategy;
- c. Update on any pension related complaints; and
- d. Consideration of development of the role of the Board arising from the Brent Pension Fund Annual Report and draft annual accounts.

3.5. Conclusion

I would like to thank the members of the Board for their input and the Directors of Finance and Human Resources and their staff, as well as the Committee staff for all their support to the Board during the year.

David Ewart
Independent Chair Brent Pensions Board
June 2017.