



MINUTES OF THE PENSION BOARD

Monday 12 March 2018 at 7.00 pm

PRESENT: Mr Ewart (Chair), Councillor Kabir, Ms George, Mr Stewart and Mr Steer.

1. Apologies for absence

Received from Councillor Crane and Mr Dawson

2. Declarations of interests

Mr David Ewart (Independent Chair) declared that he was the Chair of Audit Advisory Committee which had considered the report on Pensions Administration Audit.

3. Minutes of the previous meeting - 21 November 2017

RESOLVED:

That the minutes of the last meeting held on 21 November 2017 be approved as an accurate record.

4. Matters arising

London CIV

Mr Ravinder Jassar (Head of Finance) updated members that following a review by Towers Watson on London CIV which highlighted various issues including governance arrangements and performance, a consultation with stakeholders was taking place on future direction of London CIV.

5. Pensions Administration Internal Audit

The Board received a report which included findings and actions agreed by management following a recent audit of the Council's Pensions Administration arrangements. In introducing the report, David Ewart (Independent Chair) commented that although the findings were equally disappointing and worrying, the key point to bear in mind going forward was whether lessons could be learnt from the exercise.

Mr Ravinder Jassar (Head of Finance) referenced the recommendations set out in the action plan, attached as an appendix to the report, and provided updates: Members were advised that the following had been completed:

- (i) The checking of the completeness of the performance reports monthly to ensure indicators are not omitted from reporting.
- (ii) Implementation of a spot checking procedure to check the result reported agrees to the underlying performance data for a defined sample of indicators each month.

- (iii) Recording of specific key points and actions concerning under performance discussed in the contract monitoring meetings, to ascertain Capita's underperformance and what their actions were to address it.
- (iv) Validation activity plan to ensure that assurance is obtained across all performance areas over time, performing a risk mapping exercise to ensure that validation plans are focussed on key risks and all sources/methods of assurance are identified and utilised. This will ensure that independent assurance is targeted at key risk areas.
- (v) Management have already requested all other payroll providers/employers to provide a correct Pensions Contribution List.
- (vi) Note that the outstanding reconciling items are made up of previous period amounts (pre-April 2017), for which the transactions will be cleared, and current year amounts, for which the Head of Finance for Children and Young People will email the schools to seek the correct information.
- (vii) Review the bank reconciliation policies and procedures annually to ensure they are updated to reflect any changes to the process.

The following action plans were still in progress:

- (i) Capita to investigate the exceptions noted in this report and to ensure an audit trail of each of the third parties submissions is retained.
- (ii) Capita to use a more detailed monitoring tracker that not only shows the status of each submission but also the status of the request with each employer and key dates to enable timeliness of data checks to be monitored.

In noting the report members were united in expressing a view that the findings were equally disappointing and worrying and going forward, emphasised the need to ensure that lessons should be learnt from the exercise.

RESOLVED:

- (i) That the main issues highlighted in the pensions administration audit report following a "limited assurance" audit opinion and the actions to be taken by management to address them be noted.
- (ii) That an updated report be submitted to the next meeting of the Board.

6. **Reconfiguration of Resource Department**

Members received a report that set out the outcome of the reconfiguration of the Resources Department and the implications for the Pensions Administration service. Ravinder Jassar (Head of Finance) drew members' attention to the report which was agreed by the Cabinet in October, attached as an appendix to the report. Members were advised that under the new reconfiguration, the pensions and payroll functions which hitherto fell within the remit of the Director of Human Resources would now move to the Chief Finance Officer remit.

In welcoming the report, members expressed their satisfaction over the additional resources being made available to the Pensions Administration service.

RESOLVED:

That the report be noted.

7. **The Pensions Regulator**

Members considered a report that provided an update to previous report to the Pensions Board on the requirements of The Pensions Regulator in relation to the scheme's record keeping plan and the current status of annual benefit statements. This was in view of previously reported breaches of statutory regulations and the significant data issues that had been identified as a result.

Mr Ravinder Jassar (Head of Finance) informed the Board that following the submission of the Record Keeping Plan presented to the Pensions Board on 21 November 2017, The Pensions Regulator wrote to Brent on 29 November stating that the plan did not meet the standards expected as set out in their guidance and therefore adherence to the regulations (Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014). The Regulator recommended that their letter be shared with the Board to ensure they were fully aware of the Regulator's expectations in regards to the scheme's record keeping and the steps the scheme manager was required to take to address the problem

Mr Jassar clarified the areas in which The Pensions Regulator highlighted that the Record Keeping Plan did not meet the standards expected as set out in their guidance. The Pensions Regulator expressed the following elements to be incorporated in the improvement plan:

- Clear objectives, in order of priority, on how Brent intended to achieve improvements in data,
- Clear outcomes that would be achieved based on the objectives set, including how they would be measured and how long it would take to achieve them
- Clearly set out the scope of improvement work
- A breakdown of activities the scheme administrator would undertake on behalf of the scheme manager, including methodology used, resource allocation, timescales and success criteria.
- A timeline that sets out key milestones, reporting and decision points.

Mr Jassar updated members that the revised record keeping plan was submitted to the Regulator, as set out in appendices attached to the report. Officers then met with the Regulator on 22 January 2018 to discuss the record keeping plan and actions being taken to address the data issues. Initial feedback was positive and further checkpoint meetings were planned over the next six months to monitor progress against the plan. He added that Capita had made significant progress in issuing the remaining annual benefit statements and additionally, Brent had commissioned a specialist tracing company to locate and contact the deferred members who had changed addresses but had not informed Brent for their records to be updated.

Mr Jassar continued that the Council had also improved the layout of the external website, linking the Pension's webpage to the Pension Board's democratic services webpage to ensure all relevant information could be easily identified by members and interested parties. Other useful information had also been added including the Pensions Administration Strategy, the Funding Strategy Statement, the Investment Strategy Statement and actuarial reports.

Members enquired as to the reasons why Brent failed to meet the requirements of the Pensions Regulator as outlined in their report and did not get it right the first time. They also expressed a view for sanctions to be applied to those employers who failed to comply with the requirements. In response Mr Jassar stated that the reason for not getting it right the first time was that the Regulator's guidance was not adequately followed, which clearly required more specific information in terms of timelines, milestones, dependencies and success criteria. The various issues are now well understood and have been clearly documented in the revised Record Keeping Plan. Officers will also explore the use of sanctions for non-compliant employers as part of a wider review of the Pensions Administration Strategy to be undertaken in 2018/19.

RESOLVED:

- (i) That the updated report on the Pensions Regulator's Record Keeping Plan be noted;
- (ii) that officers be requested to investigate possible sanctions that could be applied to participating employers that failed to comply with the statutory regulations;
- (iii) that a progress report be submitted to a future meeting of the Board.

8. Update on Pensions Administration Contract

The report before members provided an update on the transition of the Pension Administration contract from the current supplier, Capita, to the new supplier, Local Pensions Partnership (LPP), together with a summary of the high level transition plan and actions required in the run up to the contract handover to LPP

Ms Folake Olufeko (Senior Finance Analyst) in introducing the report informed members that the transition followed Cabinet's approval for officers to enter into a shared service agreement with LPP for the provision of the pension fund administration. She continued that a number of documents which would serve as the binding contract had been received from LPP and were being reviewed by Legal Services. She added that the current contract with Capita was due to end in September 2018 and we are now in the implementation phase with LPP in order to allow for the minimum of 9 months lead-in time required for a successful transition. She then delivered a further update on the Exit Plan.

Members heard that on 17 January 2018 an Exit Plan meeting, which was key to ensuring that the key contacts who would be involved in the transition going forward were formally introduced, took place between Brent (LBB), Capita and LPP. The meeting also served as a platform to discuss transition plans and requirements from all parties involved in the project. A number of action points were agreed at the meeting and officers were monitoring progress through weekly follow up meetings with both LPP and Capita. This was in addition to the on-going monthly performance meetings being held between LBB and Capita.

In order to achieve a successful transfer, Aquila Heywood (software provider of Altair, which is the Local Government Pension admin system used by LPP) would be much involved in the implementation phase of the project to ensure that technical requirements, such as data migration and data mapping, from Capita's administration system, successfully transfer to LPP's system. She drew members' attention to the appendix to the report which provided details of an Implementation Plan adapted for both suppliers to create a joint plan for all parties involved to ensure a smooth implementation and transition to LPP. Further reports would be brought to the Pensions Board to provide updates on key milestones within the plan.

RESOLVED:

- (i) That the update on pensions administration contract be noted.
- (ii) That the Board be updated on progress at their next meeting.

9. **Any other urgent business**

None.

10. **Date of next meeting**

The date of next meeting would be confirmed at the Annual Meeting of the Council on 15th May 2018.

The meeting closed at 7.40 pm

MR. D EWART
Chair