	<b>Pension Board</b> 13 June 2019
	<b>Report from the Chief Finance Officer</b>
<b>Pensions Administration Update</b>	

<b>Wards Affected:</b>	ALL
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	OPEN
<b>No. of Appendices:</b>	1. Data Cleanse Project – Status 2. Member Communications Strategy 3. Terms of reference 4. Conflicts of interest policy
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Minesh Patel, Interim Director of Finance Ravinder Jassar, Head of Finance Sawan Shah, Senior Finance Analyst

## 1.0 Purpose of the Report

- 1.1 This report updates the Pensions Board on various pensions administration matters as part of its remit to oversee the administration of the Brent Pension Fund.

## 2.0 Recommendation(s)

- 2.1 The board is recommended to note the report.
- 2.2 The board is asked to express their views on whether the conflicts of interest policy is still fit for purpose.

## 3.0 Pensions Administration Performance Report

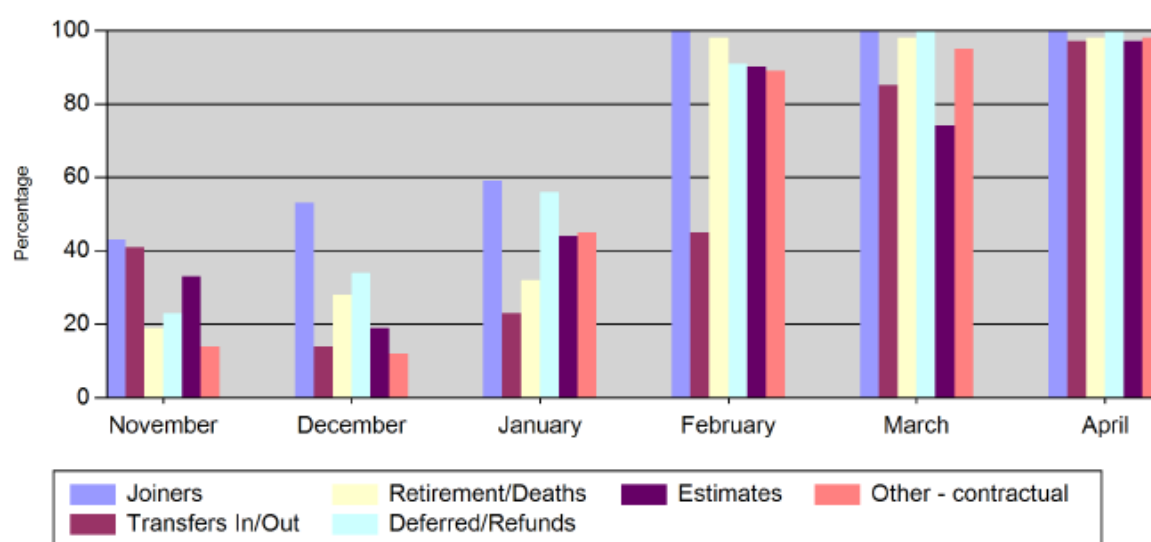
- 3.1 The administration of the Brent Pension scheme was transferred to LPP on 1 October 2018. This report reviews the performance of the LPP contract during April 2019.

- 3.2 The Pensions administration team are holding monthly meetings to monitor the performance of the contract looking at both the individual month and trends across months.
- 3.3 As of 30 April 2019 the Brent Pension Fund had 6,418 active members, 6,793 pensioners (including dependants), and 7,849 deferred pensioners.
- 3.4 Table 1 shows contract statistics for cases that have been processed, grouped by category. This includes cases bought forward, received, completed, completed on time and carried forward. Chart 1 below show progress by month for the last 6 months.

Table 1:

Description	B/fwd	Rec'd	Complete	On Time	% OT	C/fwd	Average Completed Time	Average Elapsed Time
Joiners	85	39	51	51	100.00	73	12	16
Transfers In/Out	419	40	40	39	97.50	419	30	39
Retirement/Deaths	896	66	98	97	98.98	863	17	36
Deferred/Refunds	597	22	33	33	100.00	586	31	58
Estimates	76	26	35	34	97.14	67	8	12
Other - contractual	334	87	101	99	98.02	320	17	23
Total	2407	280	358	353	98.60	2328		

Chart 1:



- 3.5 The cases completed on time has significantly improved since February across all categories however the number of cases carried forward remains disappointing. It is important to note that LPP inherited a large backlog of cases from the previous administration provider and the number of carried forward cases is 163 lower than February 2019. This performance is being closely monitored and at present the

scheme manager is satisfied that the backlog of cases is being cleared as quickly as possible.

- 3.6 Table 2 provides detail on the number of cases that have been completed early. Overall 19% of the 353 cases completed on time were completed early.

Description	1 Day Early	2 Days Early	3 Days Early	4+ Days Early
Joiners	7	0	0	8
Transfers In/Out	6	1	0	2
Retirement/Deaths	6	0	0	2
Deferred/Refunds	2	0	0	2
Estimates	5	0	0	1
Other - contractual	14	5	6	1
	40	6	6	16

- 3.7 Since February 2019, 3 new complaint cases have been received. No new IDRPs have been received. Of the 7 cases (4 complaints, 3 IDRPs) that were outstanding in February, 1 case was resolved. Brent and LPP are taking action to ensure that these cases are resolved swiftly however the complex nature of some cases means that this is not always possible.

#### 4.0 Record Keeping Plan (RKP)

- 4.1 The RKP is a key document for the Fund as it formally documents the actions being taken to review and address the data issues facing the Fund.
- 4.2 Furthermore, all LGPS funds continue to face ongoing legislative change together with oversight of administration and governance from The Pensions Regulator. This means that there is a heightened responsibility on scheme managers and local pension boards to ensure data is readily available and fit for purpose.
- 4.3 The Fund's 2019 Record Keeping Plan (RKP) was presented to the Pensions Board at its last meeting of 13 March 2019 and the following general objectives have been defined for the Fund in 2019:
- Improve scheme data to meet the legal requirements for common data, conditional data, and employer data;
  - Update missing or incomplete scheme data wherever it is held within a reasonable time frame, to ensure that benefit statements not issued can be sent out as soon as possible;
  - Working together with the scheme's new Pensions Administrators, LPP, in ensuring the completeness and accuracy of both common and conditional data;
  - To have complete and accurate data ready by June 2019 for the 2019 triennial valuation;
  - To clear the backlog of missing addresses for deferred members;
  - To issue complete and accurate Annual Benefit Statements to all eligible members of the scheme by the statutory deadline of 31 August.

- 4.4 One of the most significant elements of the plan is the data cleanse project currently being undertaken by LPP. Phase 1 of the project addresses critical issues with common and scheme specific data, focusing on ensuring scheme data is accurate in time for the triennial valuation. Monthly updates of the project are being provided to Brent Officers.
- 4.5 Appendix 1 provides a status update for the data cleanse project which is split into 14 different work streams. As of 30 April 2019, 3 of streams were complete, 10 were in process and 1 was outstanding. The project is currently progressing as expected and is scheduled to be completed by the end of June 2019.

## **5.0 Member Communications Strategy**

- 5.1 An effective communications strategy is vital for any organisation which strives to provide a high quality and consistent service to their stakeholders and a Communications Strategy is required by the provisions of Regulation 61 of the Local Government Pension Scheme Regulation 2013.
- 5.2 The communications strategy sets out policy for the following areas:
- Pension Fund Administration
  - Communication Responsibilities and Resources
  - Communications with Scheme Members
  - Communications with Prospective Scheme Members
  - Explanation of communications
  - Communications with Scheme Employers
  - Communications with Representatives of Members
  - Other Stakeholders
- 5.3 The 2019 Member Communications Strategy is attached to this report in Appendix 2.

## **6.0 Valuation**

- 6.1 Every three years, a formal valuation of the whole Fund is carried out under Regulation 62 (1) of LGPS Regulations 2013 to assess and examine the ongoing financial position of the Fund. Its purpose is to value the assets and liabilities of each individual employer and the pension fund as a whole, with a view to setting employer contribution rates which will result in each employer's liabilities becoming as close to fully funded as possible over the agreed recovery period outlined in the Funding Strategy Statement (FSS).
- 6.2 Complete and accurate membership data is critical in ensuring the valuation results are accurate. If the Fund actuary is concerned about the quality of the underlying data, they will usually add a margin of prudence into their assumptions to accommodate data inaccuracies. This could mean that participating employers may have to pay contribution rates that are not directly related to the underlying liabilities.

6.3 Section 4 of this report provides details of a separate project that has been commissioned by the scheme manager to cleanse common and scheme specific data ahead of the Triennial valuation.

6.4 Further information about the valuation, including an indicative timeline for the process agreed by the scheme manager and the actuary, was reported to the Pension Fund sub-committee meeting of 29 May 2019 and is on the same agenda.

## **7.0 The Pensions Regulator**

7.1 The Pensions Regulator (TPR) wrote to the scheme manager in August 2018, informing them that they will be conducting in depth engagement to discuss governance and administration of the scheme. This was in addition to the investigation following the breach of law reports dated 18 January 2017 and 28 September 2017 reporting the late delivery of 2016 and 2017 annual benefit statements by the statutory deadlines.

7.2 TPR are focusing on Local Government Pension Schemes because their recent public service governance and administration survey found that some of the improvements the schemes had been making have stalled and they would like to explore this further.

7.3 The aim of these meetings was to get a wider understanding of the scheme in more depth and ask a range of questions in relation to the scheme's wider governance and administration. The aim was not to seek out breaches of the law, however if they became aware of areas of concern they will investigate further to consider whether regulatory action is appropriate.

7.4 All of the engagement meetings have now concluded and detailed feedback on various areas of governance and administration has been received. As a result, the scheme manager has agreed to a number of actions with regards to improving the governance of the scheme. Some of these actions include:

- Updating the terms of reference of the Pension board
- Implementing a Record Keeping Plan
- Updated Communications Strategy
- Updating the Risk management strategy and risk register
- Pensions Administration Strategy
- Further engagement and communication with employers
- An improved website with better access to information and clearer links including IDRPs guidance now being available
- An updated training plan for the Pensions Board

7.5 At the end of March 2019, the TPR formally wrote to the scheme manager informing them that based on the information supplied throughout the engagement, TPR does not intend to take any action against the scheme manager and the case files have been closed.

7.6 In summary, having engaged with TPR in an open and transparent manner over the last 18 months we believe the process has been beneficial for both the scheme

manager and the Pension Board and the feedback provided has been particularly useful with regards to our existing ways of working.

## **8.0 Terms of Reference and Conflicts of interest policy**

- 8.1 The revised terms of reference for the Pension Board was presented and endorsed by the Pension Board at its last meeting in March 2019. The aim of the revised terms of reference is to further clarify the roles and responsibilities of the Pension Board to board members, pension fund members, officers and other interested parties.
- 8.2 Following some minor updates after receiving advice from the Brent Legal team, the revised terms of reference were agreed by the General Purposes Committee on 20 May 2019. These are attached as appendix 3 for reference and will shortly be put on the Pension Board webpage.
- 8.3 The Public Service Pensions Act 2013 (the 2013 Act) makes it a legal requirement that members of local pension boards do not have a conflict of interest. The current conflict of interest policy was written in June 2015 in order to fulfil the boards legal obligations under the 2013 Act in identifying, monitoring and managing potential, actual or perceived conflicts of interest.
- 8.4 The Pensions Regulator recommends that such policies are reviewed at least annually to ensure they are still fit for purpose.
- 8.5 The current policy is attached as appendix 4 and the board are asked to comment on whether the policy is still fit for purpose or if any changes should be considered.

## **9.0 Financial Implications**

- 9.1 There are no direct financial implications from this report.

## **10.0 Legal Implications**

- 10.1 Not applicable.

## **11.0 Equality Implications**

- 11.1 Not applicable.

## **12.0 Consultation with Ward Members and Stakeholders**

- 12.1 Not applicable.

## **13.0 Human Resources**

- 13.1 Not applicable.

**Report sign off:**

***Minesh Patel***

Interim Director of Finance