



Pension Board
22 October 2019

Report from the Chief Finance Officer

Pensions Administration Update

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	OPEN
No. of Appendices:	<ol style="list-style-type: none"> 1. Breaches Policy 2. TPR - An essential guide to issuing annual benefit statements 3. Data Cleanse Project - Status
Background Papers:	N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Minesh Patel, 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.

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 against agreed Service Level Agreements (SLA's) during September 2019.

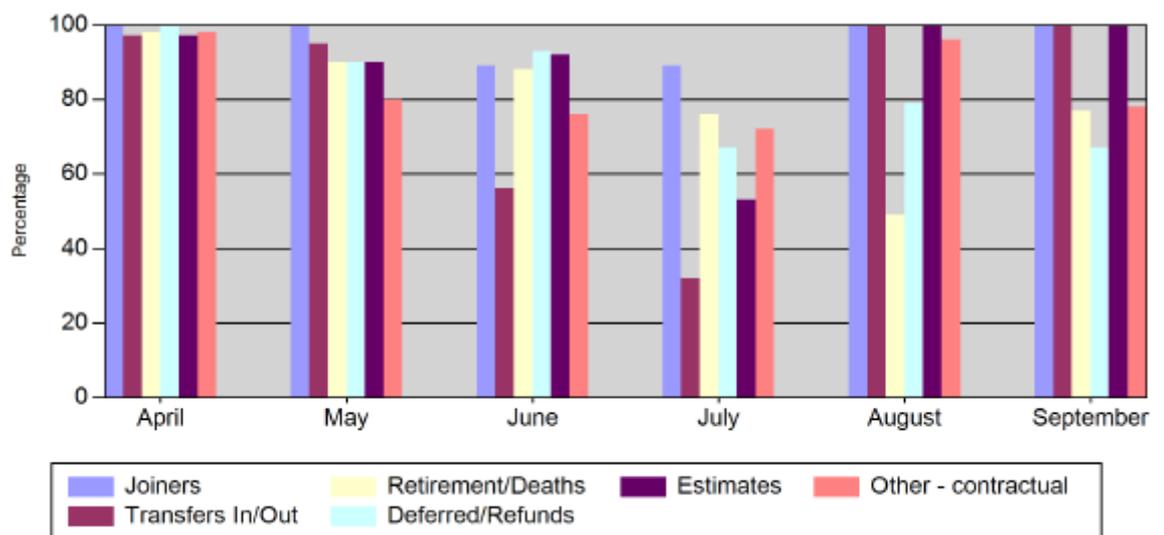
3.2 The Pensions administration team are holding monthly meetings to monitor the performance of the contract looking at both the individual month and trends across months.

- 3.3 As of 30 September 2019, the Brent Pension Fund had 7,182 active members, 6,918 pensioners (including dependants), and 7,759 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	77	91	64	64	100.00	104	18	31
Transfers In/Out	281	51	63	63	100.00	269	64	88
Retirement/Deaths	747	69	116	90	77.59	699	52	100
Deferred/Refunds	543	88	119	80	67.23	512	104	123
Estimates	45	30	34	34	100.00	41	15	26
Other - contractual	254	148	187	147	78.61	215	43	54
Total	1947	477	583	478	81.99	1840		

Chart 1:



- 3.5 In detail, since April, the percentage of cases completed for joiners has been maintained, whereas for retirements and deferred/refunds it has decreased. The percentage of cases completed for transfers in/out and estimates has increased.

- 3.6 The amount of cases carried forward has improved significantly since April. This is due to all the backlog of cases inherited from the previous administration provider being actioned or reviewed.
- 3.7 Table 2 provides detail on the number of cases that have been completed early. Overall 32% of the 478 cases completed on time were completed early.

Description	1 Day Early	2 Days Early	3 Days Early	4+ Days Early
Joiners	1	3	2	4
Transfers In/Out	4	0	0	4
Retirement/Deaths	5	4	1	13
Deferred/Refunds	5	7	5	19
Estimates	12	3	1	3
Other - contractual	10	3	0	44
	37	20	9	87

- 3.8 Since April 2019, 6 new complaint cases have been received. One new IDR case has been received. Of the 9 cases (7 complaints, 2 IDR) that were outstanding in April, 7 cases were 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. In addition, following the completion of each case a process is undertaken to ensure any lessons learned are reviewed and consequently, if necessary, processes and procedures updated.

4.0 Annual Benefit Statements

- 4.1 It is a statutory responsibility for the scheme manager to issue an annual benefit statement (ABS) to all eligible active and deferred members by 31 August each year.
- 4.2 For active members, an ABS was issued to all members identified on the year end returns from employers by the deadline of 31 August 2019. There were a small number of records where queries from year end returns had not been resolved in time. For these members an ABS could not be produced as employers had not been forthcoming with the relevant information. The vast majority of these employers were schools that were closed over the summer months and could not respond to LPP's queries in a timely manner. That being said, each of these outstanding queries are being closely monitored by LPP and as soon as the queries are resolved an ABS will be issued. At the time of despatch of this report 34% of the outstanding queries had been resolved and an ABS issued to members. It is expected that all queries will be resolved by the end of March 2020 and progress is being regularly monitored and tracked as part of the monthly contract management and performance meetings with LPP.
- 4.3 The Pensions Administration Strategy allows the scheme manager to take actions against employers that do not comply with their statutory and legal obligations to the Pension Fund. These actions will be considered should employers not respond to LPP's requests for information in a timely manner.

However, to date, this has not been deemed necessary, as can be evidenced by the reduction in queries.

4.4 As part of The Pensions Regulators Code of Practice, employers and other individuals involved in running a pension scheme have a legal duty to report a breach of the law where it is likely to be of material significance to the regulator. In order to clarify the decision making process with regards to reporting breaches, a breaches policy for the Brent Pension Fund was produced and agreed by the Pension Board in July 2018. This is attached as appendix 1 for reference. At this stage, it is not considered to be a material breach to report to TPR. The main considerations for this decision are set out below.

- In relation to active members, prompt action has been taken and a plan has been put in place to resolve the outstanding issues as soon as reasonably practical.
- The scheme manager will work closely with LPP and employers to resolve the outstanding queries as soon possible, treating the overall exercise as a high priority.
- The Pensions Administration Strategy provides the scheme manager with the powers to take action against employers who not comply with the standards set out in the strategy.
- A programme of employer engagement (support, guidance and training) is in place. Officers regularly attend the quarterly Schools Business Managers meetings. An Employers Forum will be held in November 2019, which will include presentations from the Fund Actuary, Hymans and LPP. Further training is planned in early 2020 as part of LPP's contractual programme of employer engagement.

4.5 In reaching these decisions, the scheme manager has also taken note of the new guidance issued by TPR. The guide sets out an annual review process, the importance of planning and the importance of regularly reviewing the quality of data. The key recommendations in this guidance have been reflected in the scheme manager's ABS procedures for the 2018 and 2019 ABS rollout. The guide is attached at Appendix 2 and also includes a number of interesting case studies that reflect similar issues with those experienced by Brent.

5.0 Data Cleanse Project

5.1 Following the transition to LPP on 1 October 2018, regular monthly contract performance meetings have been arranged where performance against agreed service level agreements (for example time taken to process joiners, transfers in/out, leavers, retirements, deaths etc.) have been discussed. Recent performance information for the month of September 2019 is outlined in section 3 of this report.

5.2 In addition to the business as usual (BAU) contract arrangements described above, a separate project was commissioned to review, cleanse and fix any errors identified in member data. This was to ensure that the Fund's data scores were compliant with The Pensions Regulator's expectations (for common and conditional data) and that the 2019 valuation was as accurate as possible.

- 5.3 The project comprises of three phases. The focus of Phase 1 was on critical issues with common and scheme specific data, focussing on ensuring scheme data is accurate in time for the data submission ahead of the 2019 triennial valuation.
- 5.4 LPP provided officers with a monthly update on progress throughout phase 1 which was split into 14 different work streams. Appendix 3 provides a status update for all work streams at the completion of phase 1.
- 5.5 11 of the 14 work streams were completed by 27 June 2019. This means that all cases within the work stream have been reviewed and LPP carried out remedial work where it was possible to do so. Where this has not been possible, further information has been sought from the employer.
- 5.6 3 work streams were not fully completed by 27 June 2019:
- LPP requested a report of LB Brent's payroll to complete the missing pension work stream. This has been provided and where cases are still outstanding, further information has been sought from the employer.
 - The remaining missing postcode cases relate to cases where no address is held. Where the member is a deferred member, an alternative solution may need to be used to complete the cases.
 - The missing leavers work stream was completed on 28 June 2019.
- 5.7 Following the completion of phase one of the data cleanse project and submission of the member data for the 2019 triennial valuation, LPP and Brent officers are in the process of agreeing the scope and timescales for phase two of the work which will address the additional errors that LPP have identified as requiring attention.

6.0 Financial Implications

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

7.0 Legal Implications

- 7.1 Not applicable.

8.0 Equality Implications

- 8.1 Not applicable.

9.0 Consultation with Ward Members and Stakeholders

- 9.1 Not applicable.

10.0 Human Resources

10.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance