



**Pension Board**  
07 November 2024

**Report from the Corporate Director,  
Finance and Resources**

## **Pension Administration Update**

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non key
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>List of Appendices:</b>	1. Quarterly Administration Report – Q2 2023/24 2. Payroll onboarding timeline
<b>Background Papers:</b>	Not applicable
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Minesh Patel, Corporate Director, Finance and Resources 020 8937 4043 ( <a href="mailto:minesh.patel@brent.gov.uk">minesh.patel@brent.gov.uk</a> )  Amanda Healy, Deputy Director of Finance 020 8937 5912 ( <a href="mailto:amanda.healy@brent.gov.uk">amanda.healy@brent.gov.uk</a> )  Sawan Shah, Head of Finance 020 8937 1955 ( <a href="mailto:sawan.shah@brent.gov.uk">sawan.shah@brent.gov.uk</a> )  John Smith, Pensions Manager 020 8937 1985 ( <a href="mailto:john.smith@brent.gov.uk">john.smith@brent.gov.uk</a> )

### **1.0 Executive Summary**

1.1 This report updates the Pension Board on pensions administration performance and related matters as part of its remit to oversee the administration of the Brent Pension Fund.

### **2.0 Recommendation(s)**

2.1 The board is asked to note the report.

### **3.0 Detail**

**3.1** This report reviews the performance of Local Pensions Partnership Administration (LPPA) against agreed Service Level Agreements (SLA's) during the period July to September 2024.

### **3.2 Contribution to Borough Plan Priorities & Strategic Context**

3.2.1 The work of the Pension Fund is critical in ensuring that it undertakes statutory functions on behalf of the Local Government Pension Scheme and complying with legislation and best practice. Efficient and effective performance and service delivery of the Pension Fund underpins all Borough Plan priorities.

### **3.3 Background**

3.3.1 It is important to note that LPPA have migrated both its pension administration and workflow systems to UPM.

3.3.2 Although migration was disruptive initially, the LPPA has adjusted to the new system and it is business as usual.

3.3.3 The figures reported have improved incrementally but it must be noted that the LPPA only reports on the cases it is able to complete, not the volume of work it receives.

3.3.4 Brent is liaising with the LPPA to refine its performance metrics, which should benefit everyone.

3.3.5 Overall, the service is improving but there are still areas that need attention.

### **3.4 LPPA Quarter 2 performance report**

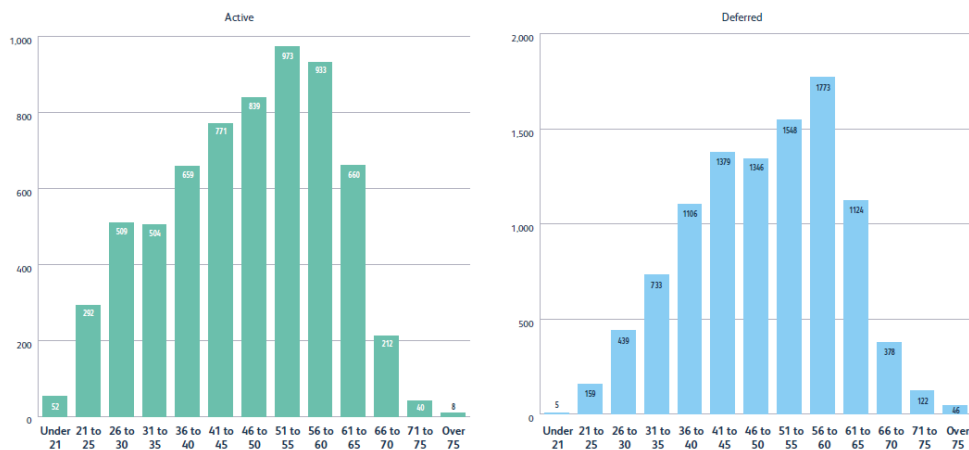
3.4.1 Brent Pension Fund had 24,138 members on 30th September 2024 of which:

- 6,452 were active members,
- 10,158 were deferred members, and
- 7,528 were pensioner and dependant members.

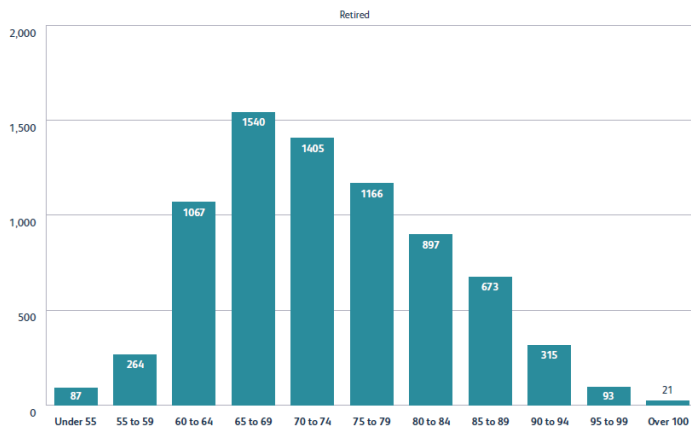
3.4.2 Figure 1 shows the current age demographic of the Brent Pension Fund members. This is broken down between active, deferred and pensioner members.

Figure 1:

CURRENT AGE DEMOGRAPHIC CLIENT SPECIFIC



CURRENT AGE DEMOGRAPHIC CLIENT SPECIFIC



3.4.3 This shows that most of the working age active members fall into the 35 to 60 age groups while, as would be expected, 35-60 is the cohort with the highest number of deferred members.

3.4.4 It is interesting to note that 57% of the active members are over 46, and 44% are over 51, as the costs of providing pension benefits increase with age. This indicates a maturing fund which may have long-term implications for the Fund's cash flow. The long-term trends will be assessed by the actuary in the upcoming valuation in 2025.

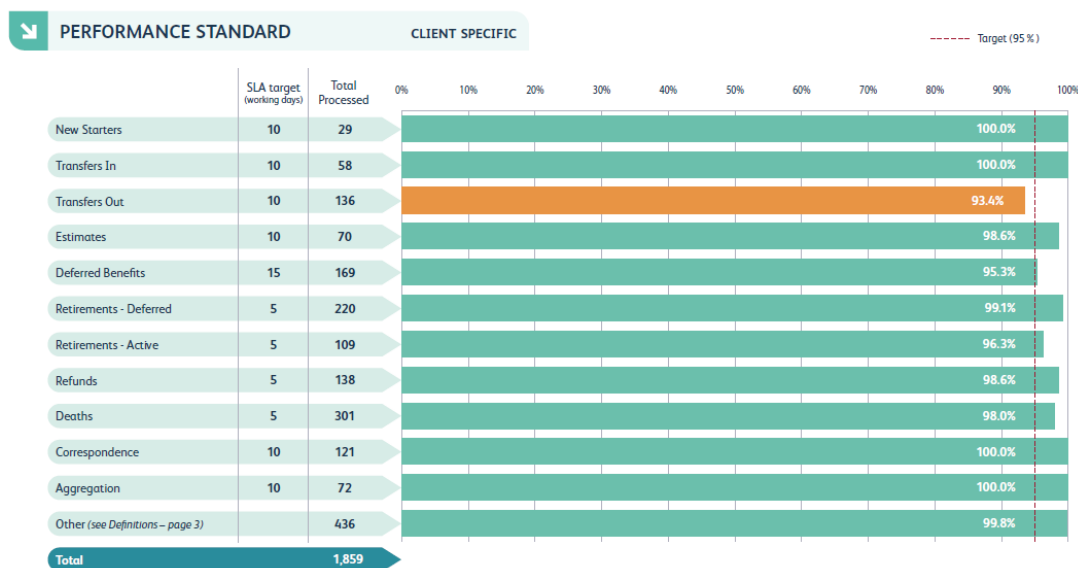
3.4.5 For pensioner and dependant members, the numbers in the 65-75 banding are broadly the same before progressively declining gently with age.

Key statistics

3.4.6 The average percentage of cases processed on time was reported as 98.4% in July, 98.1% in August and 98.2% in September.

3.4.7 The Fund's perception is that the service is gradually improving, and it notes that only transfers-out (93.4%), which are less critical, fell below SLA (95%). Figure 2

provides detail on the number of cases that have been processed grouped by category.



3.4.8 An important aspect of service delivery is how the administrators respond to difficult complaints. The LPPA’s performance in this area has been good with key officers taking ownership and resolving them promptly.

3.4.9 The Helpdesk call performance measures the average wait time and calls answered. During the quarter wait times were 2 minutes 6 seconds in July, 1 min 58 seconds in August and 2 mins 46 seconds in September.

### Complaints

3.4.10 Since the last Pension Board, 14 new complaint cases have been received at a rate of 4.6 per month. The number of complaints received during the quarter is analysed by case type as shown in table 1 below. This is better than the previous quarter and the numbers are gradually falling.

Table 1 - complaints received by month:

Month	Delays	General Service	Total
July 24	1	3	4
August 24	0	4	4
September 24	0	6	6

3.4.11 No Internal Dispute Resolution Procedure (“IDRP”) cases were received in the quarter, but one outstanding case was determined. One Pensions Ombudsman case was determined in September.

### 3.5 Annual benefit statements (ABS)

- 3.5.1 It is a statutory requirement for the scheme manager to issue an Annual Benefit Statement (ABS) to all eligible active and deferred members by 31 August each year.
- 3.5.2 Scheme employers are required to submit monthly returns within agreed timescales to enable LPPA to produce an ABS. After submitting their returns, employers may be required to respond to queries on the return before an ABS can be produced. It is therefore important that monthly returns are received promptly as delays may result in ABS not being issued by the deadline.
- 3.5.3 Employer training sessions were delivered for monthly returns to support them in submitting their returns and resolving queries.
- 3.5.4 The Fund moved to monthly returns in April 2023 and all the active employers were up to date in April 2024, save four. The four who were unable to submit monthly returns submitted annual returns.
- 3.5.5 A lot of work has gone into promoting monthly returns over the course of the year and officers believe that the Fund is in a better position than it was last year.
- 3.5.6 The Fund was able to produce 97.1% of active members' ABS and 99.9% of deferred beneficiaries ABS. This shows an incremental improvement over the 95% for active members and 99% for deferred members in 2022/23.
- 3.5.7 Overall, the exercise went well and the few ABS that were missed are not considered to be material or a reportable breach because:
- Performance comfortably exceeded 95%;
  - Performance has improved when compared to 2022/23;
  - Officers have been monitoring the situation and proactively working with employers to ensure returns are submitted;
  - Employers have been encouraged to change their payroll providers where performance is falling short;
  - Implementing monthly returns to enable data issues to be corrected throughout the year;
  - The Fund will consider using the powers set out in the Pensions Administration Strategy where employers are not complying with the standards expected.

## **3.6 Pensions Payroll Migration**

- 3.6.1 General Purposes Committee approved to extend the existing shared service arrangements for pensions administration to include pensions payroll in April and the project to move from Brent's Oracle payroll to LPPA's UPM payroll is underway.

3.6.2 This will facilitate the end-to-end processing of calculation of pension benefits and payment of pensions to be carried out on the same system and negate the issues experienced over many years with having maintain data across two systems.

3.6.3 From a member's perspective, an integrated pension payroll and pension administration system will enable an improved service and all administration related to pensions will be contained within a single team and all pensioner data will be visible on the existing PensionPoint portal.

3.6.4 The data cleanses required to facilitate the payroll migration have helped to improve the Fund's conditional data.

3.6.5 Updates on the project:

- In September 2024, data cut 1 was submitted and the first parallel run was successfully completed and signed off.
- Preparations for data cut 2 and the second parallel run are underway in October 2024.
- Letters and communications to Brent pensioners pre and post migration have been agreed.
- General Ledger reporting requirements for the monthly payroll have been agreed and the requirements for single payments are close to finalisation.
- We are awaiting HMRC to set-up a new PAYE reference for the pension fund and NatWest to set-up a new BACS service user number.

3.6.6 The project is being managed by a dedicated LPPA project manager, who is working closely with the Brent pension team, the payroll team, the LPPA teams and Civica. Weekly project meetings are held to discuss work in progress, impending deadlines, risks, issues and dependencies. At the time of writing, the project appears to be on schedule. The high-level project timetable is attached in Appendix 2.

### **3.7 McCloud**

3.7.1 The LPPA has placed eligibility flags on all records that have been identified as being within scope for the remedy.

3.7.2 They are applying the underpin and calculating benefits for active members retiring with an eligibility flag, and whose data has been verified as being correct.

3.7.3 Where the underpin applies, early results show that the underpin is driving a small increase in benefits (c. £300 p.a. on average) in a small percentage of cases (c. 4%) where the member had a significant salary increase in the remedy period.

3.7.4 However, there have been significant increases in affected transfer values, which seem to be due to the lower retirement ages in the final salary scheme and, consequently, higher factors.

### **3.8 Pensions Dashboard**

3.8.1 Public sector schemes must connect to the Pensions Dashboard by 31 October 2025. The project is in flight and LPPA have a full-time project manager in place.

3.8.2 Work is progressing well and includes:

- systems requirement (including the rules for partial matching of records and the treatment of AVCs); and
- business readiness aspects of the project (dealing with new enquiries relating to dashboard).

#### **4.0 Stakeholder and ward member consultation and engagement**

4.1 This is not applicable to this report.

#### **5.0 Financial Considerations**

5.1 There are no specific financial implications associated with this report.

#### **6.0 Legal Considerations**

6.1 There are no specific legal considerations arising from this report.

#### **7.0 Equality, Diversity & Inclusion (EDI) Considerations**

7.1 There are none directly arising from this report.

#### **8.0 Climate Change and Environmental Considerations**

8.1 There are none directly arising from this report.

#### **9.0 Human Resources/Property Considerations (if appropriate)**

9.1 There are none directly arising from this report.

#### **10.0 Communication Considerations**

10.1 None that are applicable to this report.

**Report sign off:**

***Minesh Patel***

Corporate Director, Finance and Resources