



Pension Board

Monday 12 March 2018 at 7.00 pm

Board Room 2 - Brent Civic Centre, Engineers Way,
Wembley HA9 0FJ

Membership:

Members

Mr David Ewart

Councillor George Crane

Councillor Sandra Kabir

Bola George

Euton Stewart

Trevor Dawson

Sebastian Steer

Independent Chair

Employer Representative

Employer Representative

Member Representative (Trade Union)

Member Representative (Trade Union)

Member Representative (Pension Scheme)

Employer Representative

For further information contact: Joe Kwateng, Governance Officer
joe.kwateng@brent.gov.uk; 020 8937 1354

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www.brent.gov.uk/committees

The press and public are welcome to attend this meeting

Notes for Members - Declarations of Interest:

If a Member is aware they have a Disclosable Pecuniary Interest* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent and must leave the room without participating in discussion of the item.

If a Member is aware they have a Personal Interest** in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent.

If the Personal Interest is also a Prejudicial Interest (i.e. it affects a financial position or relates to determining of any approval, consent, licence, permission, or registration) then (unless an exception at 14(2) of the Members Code applies), after disclosing the interest to the meeting the Member must leave the room without participating in discussion of the item, except that they may first make representations, answer questions or give evidence relating to the matter, provided that the public are allowed to attend the meeting for those purposes.

***Disclosable Pecuniary Interests:**

- (a) **Employment, etc.** - Any employment, office, trade, profession or vocation carried on for profit gain.
- (b) **Sponsorship** - Any payment or other financial benefit in respect expenses in carrying out duties as a member, or of election; including from a trade union.
- (c) **Contracts** - Any current contract for goods, services or works, between the Councillors or their partner (or a body in which one has a beneficial interest) and the council.
- (d) **Land** - Any beneficial interest in land which is within the council's area.
- (e) **Licences**- Any licence to occupy land in the council's area for a month or longer.
- (f) **Corporate tenancies** - Any tenancy between the council and a body in which the Councillor or their partner have a beneficial interest.
- (g) **Securities** - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

****Personal Interests:**

The business relates to or affects:

(a) Anybody of which you are a member or in a position of general control or management, and:

- To which you are appointed by the council;
- which exercises functions of a public nature;
- which is directed is to charitable purposes;
- whose principal purposes include the influence of public opinion or policy (including a political party of trade union).

(b) The interests a of a person from whom you have received gifts or hospitality of at least £50 as a member in the municipal year;

or

A decision in relation to that business might reasonably be regarded as affecting, to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the electoral ward affected by the decision, the well-being or financial position of:

- You yourself;
- a member of your family or your friend or any person with whom you have a close association or any person or body who employs or has appointed any of these or in whom they have a beneficial interest in a class of securities exceeding the nominal value of £25,000, or any firm in which they are a partner, or any company of which they are a director
- any body of a type described in (a) above.

Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members.

Item	Page
1 Apologies for absence	
2 Declarations of interests	
Members are invited to declare at this stage of the meeting, any relevant personal and prejudicial interests and discloseable pecuniary interests in any matter to be considered at this meeting.	
3 Minutes of the previous meeting - 21 November 2017	1 - 6
To approve the minutes of the previous meeting as a correct record.	
4 Matters arising (if any)	
5 Pensions Administration Audit	7 - 34
The attached report includes findings and actions agreed by management following a recent audit of the Council's Pensions Administration arrangements.	
I have attached appendices A and B to the main report.	
6 Reconfiguration of Resource Department	35 - 42
This report sets out the outcome of the reconfiguration of the Resources Department and the implications for the Pensions Administration service.	
I have attached an appendix to the main report.	
7 The Pensions Regulator	43 - 74
This report provides an update on 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 is in view of previously reported breaches of statutory regulations and the significant data issues that have been identified as a result.	

I have attached appendices A to D to the main report.

8 Update on Pensions Administration Contract

75 - 78

This report provides an update to the Pensions Board on the transition of the Pension Administration contract from the current supplier, Capita, to the new supplier, Local Pensions Partnership (LPP).

9 Any other urgent business

Notice of items to be raised under this heading must be given in writing to the Head of Executive and Member Services or his representative before the meeting in accordance with Standing Order 60.

10 Date of next meeting

The next scheduled meeting will be confirmed after the Council Annual General Meeting in May 2018.



- Please remember to **SWITCH OFF** your mobile phone during the meeting.
- The meeting room is accessible by lift and seats will be provided for members of the public.



MINUTES OF THE PENSION BOARD Tuesday 21 November 2017 at 7.00 pm

PRESENT: Councillor Mr Ewart (Chair) and Councillors Crane, Kabir, Mr Dawson and Mr Steer

Apologies were received from: Mr Stewart

1. Apologies for absence

Apologies for absence were received from received from Mr Euton Stewart (GMB).

2. Declarations of interests

There were no declarations received from Members.

3. Minutes of the previous meeting

RESOLVED: -

That the minutes of the last meeting held on 26 July 2017 be approved as an accurate record.

4. Matters arising (if any)

Ravinder Jassar (Head of Finance) informed members that the Pension Fund Annual Accounts had been fully audited since the last meeting with no changes required. In welcoming the update, the Chair thanked officers for their all their work on this matter.

5. Implementation of the Markets in Financial Instruments Derivative (MiFID II)

At the invitation of the Chair, the Board received a report previously presented to the Brent Pension Fund Sub-committee on 7th November 2017, which outlined the impact of the implementation of the Markets in Financial Instrument Directive 2014/65 ("MiFID II"). Focusing on the key points in the report, Ravinder Jassar (Head of Finance) drew members' attention to the possibility of the administering authority becoming a retail client on 3rd January 2018, unless it applied for a professional client status. An application for professional status was being considered by the appropriate authority.

RESOLVED that:

- i) the contents of the report be noted;

- ii) the approval be given to the administrative authority to continue with the application process for elected professional client status in order to ensure it can continue to implement an effective investment strategy working on the opting up process.

6. **Quarterly monitoring report on fund activity: Quarter to June 2017**

The Board received a report that provided a summary of the Fund's activity during the quarter ended 30 June 2017 and examined the economic, market background and investment performance as well as commenting on events in the quarter.

Ravinder Jassar (Head of Finance) drew members' attention to the asset allocation list as of 30 June 2017 compared to the benchmark and investment return in the individual markets (Table 1 from the report). He highlighted the cash deposits of £60.4m and explained that these were being held for any capital commitments in private equity and infrastructure, to meet the payment required as a result of the transfer of a college to another fund, as well as to re-allocate other investments.

On investment returns in individual markets, members were informed that figures had been as expected, except for the Ruffer Diversified Growth Fund which had performed less than expected. It was understood that to improve future performance, Ruffer would be investing in short term equities against long term bonds as an effective offset and to help the fund respond positively.

Finally, the Board's attention was drawn to Table 3 from the report and members asked to note the compliance with investment limits as specified within the FSS.

RESOLVED that:

- i) the contents of the report and the Independent Financial Adviser's investment report, attached to the main body of the report, be noted;
- ii) compliance with investment limits as specified within the FSS be noted.

7. **Update on the London CIV and the Fund's Investment Options**

Ravinder Jassar (Head of Finance) gave an update on London Collective Investment Vehicle (CIV) since the last meeting and the timescales attached to making investments within it. Members heard that the CIV had a range of investment options available, mostly global equities but also fixed income and infrastructure investments. It was further explained that suitability of products for a pension fund were correlated to the type of liabilities at stake and level of accepted risk. Therefore, officers explained that an asset liability exercise would be conducted with the primary aim of identifying those liabilities, subsequently re-assessing the Fund's investment strategy and allowing for a more effective asset allocation and better understanding of the appropriateness of the Council's investment beliefs.

RESOLVED that:

- i) The update on London CIV be noted;
- ii) Approval be given for the assessment of asset liability to be carried out.

8. Pension Administration Service Update

David Veale (Director of Human Resources and Organisational Development) presented the report, which updated members on the performance of the pension administration contract and progress on the appointment of a new provider. Focusing on the key points of the report, David Veale drew members' attention to the performance on issuance of annual benefit statements to members of the Local Government Pension Scheme (LGPS), Brent record keeping plan and provision of the Pension Administration Service (PAS) when the current contract with Capita expired.

In terms of annual benefit statements, Mr Veale explained that the LGPS regulations required that statements be issued to all active members by 31st August each year, following the end of the tax year. The end of year returns required to be sent by Capita were 5,666 in total. However, only 4,265 statements had been sent by 31 October 2017, with 1,401 statements still outstanding. This was mostly due to incomplete records, calculation errors and members who had left or retired between April 2017 and March 2017. With regards to deferred memberships, Mr Veale explained that although there had been an improvement by approximately 9% in comparison to the previous year, 1,987 statements had not yet been sent out due to a range of queries, mostly because deferred members had changed addresses and had not informed either the PAS or Brent administering authority. As a result of not meeting the 100% distribution of Annual Benefit Statements, a material breach was self-reported to the Pension Regulator on 28th September 2017. Subsequently, there had been significant engagement between the Pension Regulator and Brent Administering Authority with fortnightly updates to the Pension Regulator being given.

Referencing the appendices to the report, he drew members' attention to the regulatory requirement for maintaining a record keeping plan and the need to improve the pension scheme data held by the Council. The Plan set out specific data which required attention and remedial action. Quotes for conducting data cleansing and correcting specific data such as address tracing had been obtained and considered a necessary expenditure in order to meet the legislative requirements for such service provision.

He then drew members' attention to the main part of the report, which focused on the progress with finding a new pension administration service provider. Members heard that the administration of the Local Government Pension Scheme (LGPS) for Brent Council had been outsourced since 1994. The current contract was awarded to Capita Hartshead now Capita Employee Benefits in 2011, originally assigned to Capita on 1st October 2011 for a period of six years. The contract was extended by one year in September 2017, an option within the contract, whilst the process for finding a new supplier and other options were being explored. Upon agreement by the Council's Management Team (CMT), it was decided that rather than going down the procurement route, the Council would aim for a shared service with another Local Authority and seek to enter an inter-authority agreement.

At an engagement event held on 4 September 2017, attended by officers, including the Chair of the Pension Board, the Council met with three of the invited providers – Local Pensions Partnership (LPP), Orbis and West Yorkshire Pension Fund

(WYPF) who delivered their presentations. Referencing Table 1 from the report, Mr Veale explained that following a process of due diligence and based on a range of factors as laid out in the report, Local Pensions Partnerships and West Yorkshire were shortlisted. He further elaborated that despite West Yorkshire Pension Fund offering a more competitive quote, the Local Pension Partnership was ultimately chosen as the new pension administration service provider to the Council. This was due not only to their IT systems and experience with delivering sustained quality service but also their reputation and experience with migrating shared services. The Board heard that the recommendation had already been approved by both Cabinet and the General Purposes Committee and work on migrating the service to LPP would shortly begin.

RESOLVED that:

- i) The updates in the report regarding the new pension administration service provider be noted;
- ii) The appointment of the Local Pension Partnership be supported by the Board;
- iii) Officers be commended for their work and efforts on the project

9. **Any other urgent business**

David Veale and Mildred Phillips

The Board noted that this was David Veale and Mildred Phillips' last meeting. The Chair wished them well and expressed sincere gratitude for their professionalism and commitment to the Board.

10. **Exclusion of Press and Public**

RESOLVED:

That the press and public be excluded from the remainder of the as the report to be considered contained the following category of exempt information as specified in the Local Government Act 1972, namely:

Information relating to the financial or business affairs of particular persons (including the Authority holding that information).

11. **Final Cessation Valuation**

The report updated the Board on the outcome of an employer ceasing to be an employing authority in the Brent Pension Fund. Ravinder Jassar (Head of Finance) gave a detailed account of the circumstances and referenced the final valuation report. Members were informed about the final cessation valuation outcome and the amount to settle the debt.

Members took comfort in hearing that the funding strategy was flexible in dealing with cessation situations and that the Council would seek to engage with other employers to support them as they approached similar situations

RESOLVED that:

The contents of the final cessation report be noted.


12. **Date of next meeting**

The next meeting would be held on 6 February 2018.

The meeting closed at 7.30 pm

D EWART
Chair

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 Brent	Pensions Board 12 March 2018
	Report from the Chief Finance Officer
Pensions Administration Audit Report	

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
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:	(1) Internal Audit Report 2017/2018 – Pension Fund Administration (2) Audit action plan
Background Papers:	▪ N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Conrad Hall, Chief Finance Officer Michael Bradley, Head of Audit & Investigations

1.0 Purpose of the Report

1.1 The attached report includes findings and actions agreed by management following a recent audit of the Council’s Pensions Administration arrangements.

2.0 Recommendation(s)

2.1 That the Pensions Board notes the main issues highlighted in the report following a “limited assurance” audit opinion and the actions to be taken by management to address them.

3.0 Detail

3.1 A final report following the audit of Pensions Administration was issued in November 2017.

3.2 The service were asked to attend the Audit Advisory Committee meeting on 10 January 2018 to respond to any questions the Committee had.

3.3 Attached at Appendix A is the Internal Audit report, including the agreed management response to each of the recommendations.

3.4 Attached at Appendix B is an internal action plan, showing the actions taken, and to be taken, to address the issues raised in the audit report.

4.0 Financial Implications

4.1 None. There are no specific financial implications associated with noting this report.

5.0 Legal Implications

5.1 None arising directly from this report

7.0 Equality Implications

7.1 None arising directly from this report

8.0 Consultation with Ward Members and Stakeholders

8.1 Not applicable for this report.

9.0 Human Resources/Property Implications (if appropriate)

9.1 None arising directly from this report

Report sign off:

Conrad Hall, Chief Finance Officer

Internal Audit Report 2017/2018

Pension Fund Administration

London Borough of
Brent

FINAL

November 2017

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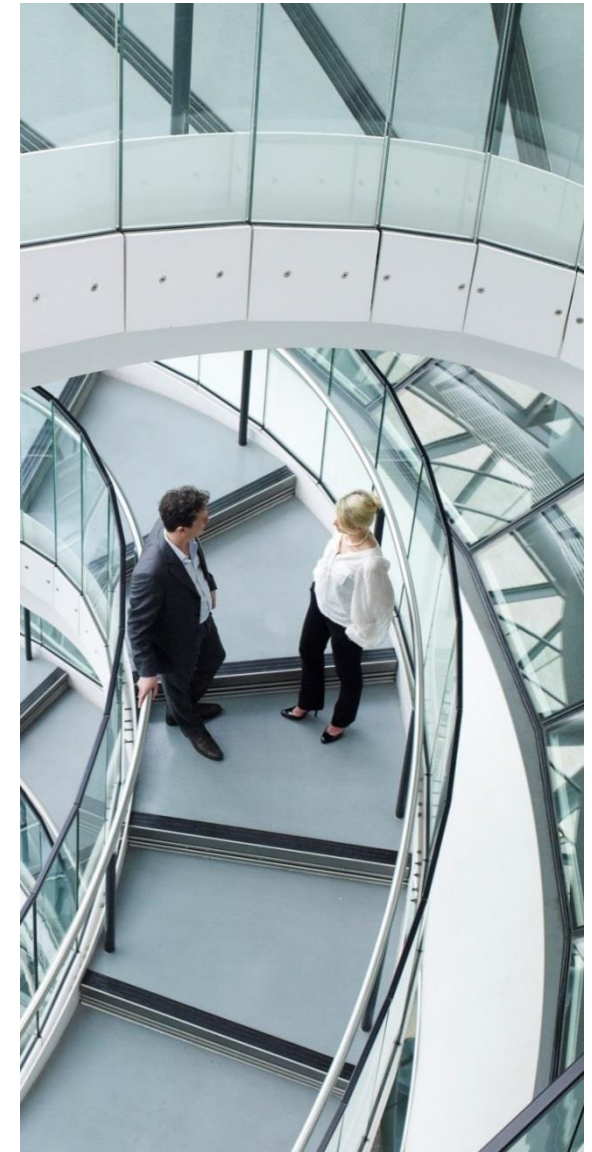
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Head of Finance, Resources Department

Head of Internal Audit
Audit Manager



Executive summary (1 of 4)

Report classification



Limited

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Total number of findings

	Critical	High	Medium	Low	Advisory
Control design	-	2*	1*	-	-
Operating effectiveness	-	2	-	1	-
Total	-	4	1	1	-

**Note two controls are both Control Design and Operating Effectiveness. They have been included in Control Design for the purposes of the table to avoid duplication.*

Key:

- Control Design Issue (D) – There is no control in place or the design of the control in place is not sufficient to mitigate the potential risks in this area.
- Operating Effectiveness Issue (OE) – Control design is adequate, however the control is not operating as intended resulting in potential risks arising in this area.

Executive summary (2 of 4)

Headlines

The objective of this review was to identify and test the design and operating effectiveness of key controls in relation to the administration of the pension fund, including starters, retirements, annual data collection and reconciliations.

We found that there are examples of where good practice has been implemented, for example the automated new joiners process ensures that the correct contribution rate is used based on the salary details entered into the payroll system; there is a process to identify deceased individuals and halt their payments in a timely manner; and the pensions officer meets with Capita regularly to ensure that there is communication between the two parties.

Although examples of good practice have been noted, a number of areas for further improvement have been identified. We noted 4 high, 1 medium and 1 low risk finding as part of this review. The key areas of improvement relate to payment of benefits, data submissions from third party providers, and management of the contract with Capita. Our other findings relate to areas where procedures could be improved to make the control environment more efficient and effective.

Summary of findings

Our high risk findings are:

- Retiree payments (Finding 1):
 - For 9/20 (45%) retirees we were unable to agree the final pay salary figure used by Capita in their calculation back to final salary information from Oracle to ensure the correct figures are used in the calculation of pension benefits. In one of these cases, Capita confirmed that they had underpaid the member as the benefits were not recalculated to take into account 6 days of pay in January 2017.
- Pension changing to standing data (Finding 2):
 - Pensioners payroll is mainly dealt with by one person in the payroll team and they are responsible for changing bank details -albeit other members of the payroll team could process the change as well if required. There is a lack of segregation of duties in the process. It is worth noting, however, that there is an audit trail that states who made the change. There is no routine monitoring or review of this audit trail to check changes have been made by appropriate staff
- Data submissions (Finding 3):
 - The Council collects end of year pensions data from third party employers and payroll providers to enable them to issue the annual benefits statements. In 16/20 (80%) cases sampled, no evidence could be provided of the end of year data being collected by the third party nor of the subsequent checks performed by Capita on the data. At the time of the audit the benefit statements had not been produced to cover employees with these third parties and so there is a risk that the regulatory deadline will be breached. For 3/4 (75%) third parties where evidence could be provided, Capita sent the email following up on exceptions or issues they had identified more than 14 working days after they had received the end of year data from the employer.

Executive summary (3 of 4)

- We also noted that although there is a control sheet noting whether Capita have received the initial submission from the third party, it does not include further details of the status of each; i.e. checks in progress, queries back out with the third party, or any issues noted and ready for upload.
- Contract Management (Finding 4):
 - Although there are monthly contract meetings where performance is an item on the agenda, there is a lack of any record to demonstrate how Capita are being challenged and held to account for any areas of underperformance. For example, areas of underperformance identified in the two months sampled included: timely notification of deceased individuals and timely submission of transfer values to a new pension scheme - there is no record that that these were challenged at the relevant meetings.
 - Capita provide the Council with a monthly performance report that reports on the 68 performance indicators outlined in the contract. 1/20 (5%) indicators sampled from the contract between the Council and Capita were not included in the monthly performance report. This indicator related to the 'Monthly Performance and Statistics Report' which is to be completed by Capita 'within 5 working days of the end of the contract month in question'. For the two months we sampled this indicator would have failed.
 - We noted that validation of the performance data submitted by Capita is currently not undertaken by the Council.

Our *medium risk* finding is:

- Reconciliations (Finding 3):
 - The Council currently do not reconcile between Hartlink (the pensions system) and Oracle (the Council's payroll system) during the year. Instead a reconciliation of active members only is performed as part of the end of year process.
 - 2/2 (100%) reconciliations between the pensions bank account and the general ledger included £280k of reconciling items that were over three months old.

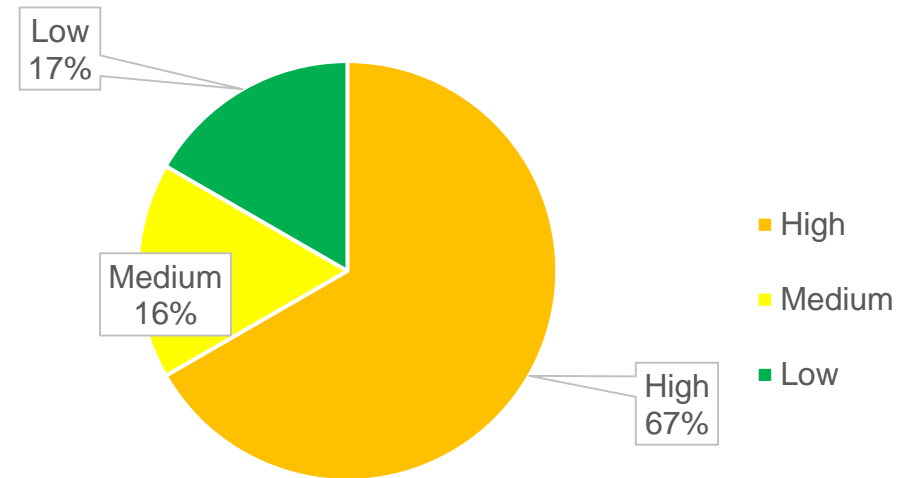
Executive summary (4 of 4)

1	Retiree payments	High
2	Changes to standing data	High
3	Data submissions	High
4	Contract Management	High
5	Reconciliations	Medium
6	Timeliness	Low

Summary of findings by areas of scope:

Area of scope	Number of findings					Finding reference
	Critical	High	Medium	Low	Advisory	
New Joiners	-	-	-	-	-	-
Payment of benefits	-	2	-	1	-	1, 2, 6
Data collection	-	1	-	-	-	3
Reconciliations	-	-	1	-	-	5
Contract Management	-	1	-	-	-	4

Audit findings by risk rating



Rating definitions – see appendix A

Background and scope (1 of 2)

Background

The Council is responsible for the administration of a defined benefit pension fund under the Local Government Pension Scheme (LGPS) Regulations 1998 (as amended in 2007). As fund administrators, the Council is responsible for:

1. The collection of contributions; both directly from the Council and its employees.
2. The investment of funds in accordance with LGPS regulations,
3. The payment of monies to retired scheme members, and
4. Administering the fund for other employers.

The Council outsources the key administrative day to day processes to Capita (a business process outsourcing company), including the processes for starters, leavers, transfers and retirements. The contract with Capita is due to expire at the end of September 2017.

Employers of scheme members who are not employed by the Council are required to submit data about these employees annually. Capita is also responsible for collection of the annual data submission from the employers, reviewing the submission and processing any required changes. The output of the data collection feeds into the annual benefits statement. The deadline for the annual data submissions was May 2017.

The objective of this review was to identify and test the design and operating effectiveness of key controls associated with the following control objectives:

- Contributions made to the fund by employers and employees are accurate, timely and complete for all new joiners.
- Accurate and timely pension payments are made to retired scheme members.
- Data recorded on the pensions system (Hartlink) is accurate.
- The financial information held by the Council is up-to-date and accurate.
- The council's objectives in pensions administration are delivered efficiently, effectively and economically by the contractor and in line with contract.

Background and scope (2 of 2)

Limitations of scope

Our work was limited to the sub-processes and control objectives outlined in Terms of Reference. Our internal audit testing was performed on a judgemental sample basis and focussed on key controls mitigating risks. Our testing is designed to assess the adequacy and effectiveness of key controls in operation at the time of the audit.

Please note that in relation to the scope per the Terms of Reference, whilst our internal audit assessed the efficiency and effectiveness of key controls from an operational perspective, it is not within our remit as internal auditors to assess the efficiency and effectiveness of policy decisions.

As detailed in the Terms of Reference, this review does not provide assurance over the completeness or accuracy of the pension fund balance as at the date of audit work. The review did not consider either the management of the pensions fund or the investment of surplus funds and the appropriateness of such decisions.

For the “data collection” sub-process we assessed control design and operating effectiveness of the processes to ensure that the data submission is captured, reviewed and actions are logged.

This audit did not include a review of the contract with Capita. For the “contract management” sub-process we considered performance monitoring controls only. The audit did not include a review of the overall contract management governance, contract ownership, payment mechanism and formal review of risk management.

Current year findings (1 of 6)

Retiree payments

Operating effectiveness

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Finding rating

Rating

High

Finding and root cause

Capita are responsible for calculating the pension payments. It is therefore important that they use the correct final salary information in the calculation of pension benefits to retirees to ensure the correct amounts are paid. Capita take the final salary information directly from Oracle for those on the Council's payroll service. For retirees with a third party payroll service, Capita obtain the final salary figure from the relevant payroll service. The pensions calculation is prepared and reviewed by two separate senior pension administrators. We found:

- For 9/20 (45%) retirees we were unable to agree the final pay salary figure used by Capita back to final salary information from Oracle to ensure the correct figures are used in the calculation of pension benefits. In one of these cases, Capita confirmed that they had underpaid the member as the benefits were not recalculated to take into account six days of pay in January 2017. As a result of the audit, benefits were being uplifted. For the other eight cases the appropriate information was not provided.

Risk

Incorrect final salary information may mean calculation of pension benefits to retirees is inaccurate leading to over- or underpayment.

Recommendations

- We will request Capita investigate the exceptions to understand whether incorrect final salary information is being used by Capita.*
- Subsequent action should be determined by management based on the level of inaccuracies identified in the calculations investigated.*

Current year findings (1 of 6)

Retiree payments

Operating effectiveness

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Finding rating

Rating

High

Management responses

Accepted, management will instruct Capita to investigate the remaining eight cases for which the accuracy of the final salary data used was unable to be confirmed as part of the audit.

Based on the level of issues noted, management will review the current control processes and consider the need to implement further additional checks and controls to mitigate the risk of incorrect final salary information being used.

Responsible person/title:

- a) Senior Pensions Officer
- b) Payroll Pensions Recruitment & MI Manager

Target date:

- a) 31 October 2017
- b) 30 November 2017

Reference number:

1718PFA-1

Current year findings (2 of 6)

Pension changing to standing data

Control Design

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2

Finding rating

Rating

High

Finding and root cause

All requests for changes to pension bank details must be received in writing via a signed letter. When correspondence is received from a pensioner it is allocated to, and actioned by, a payroll officer. We note:

- Pensioners payroll is mainly dealt with by one person in the payroll team and they are responsible for changing their bank details, albeit other members of the payroll team could as well. There is a lack of segregation of duties in the process. It is worth noting, however, that there is an audit trail that states who made the change. There is no routine monitoring or review of this audit trail to check changes have been made by appropriate staff.

Management explained that they believe the control to be sufficient because it would soon become apparent if a pensioner does not receive their payment. However, this would not be the case if the pensioner was deceased.

Risk

Pension bank details could be amended fraudulently resulting in a financial loss to the Council.

Recommendations

- Changes to bank account details will need to be processed by one staff member and reviewed by another to ensure segregation of duties.*
- On a weekly basis, management will review all changes to pension bank accounts that have occurred in the week so they can monitor changes and ensure they are appropriate. The list of changes to bank accounts will be compared to the list of deceased individuals in the period to ensure that bank accounts of deceased have not been fraudulently changed.*

Current year findings (2 of 6)

Pension changing to standing data

Control Design

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Management responses

- a) *Accepted.*
- b) *Not accepted, management feel that with the implementation of the segregation of duties within recommendation (a) in addition to the existing mortality screening and the 'tell us once' information from the DWP that is due to be introduced, the risk is sufficiently mitigated and therefore there is no need to utilise additional resource to undertake a periodic review of the changes applied.*

Responsible person/title:

Payroll Manager

Target date:

1 November 2017

Reference number:

1718PFA-2

Finding rating

Rating

High

Current year findings (3 of 6)

Data submissions

Operating effectiveness

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3

Finding rating

Rating

High

Finding and root cause

The Council is responsible for producing annual benefits statements to all active members (employed by the Council or third parties) and to those with deferred benefits for whom Capita have an address. Active members could have third party employers or third party payroll providers. It is important that there are controls in place to ensure that accurate and complete end of year data is collected from third parties in a timely manner to ensure that the Capita is able to issue the annual benefits statements prior to the statutory deadline.

Capita sent out a request to third parties for their pension data in March and this included a submission template, guidance and deadlines. Once returns are received Capita match the returned information against the records they hold on their system. They also perform a check to confirm if the full time equivalent salary is more than minimum wage for the hours worked.

To ensure this is performed promptly, there is a performance indicator within the contract (indicator reference 13.7.4) that states that employee and employer pension contributions are to be reconciled to the main accounts of the Contracting Bodies within 14 working days from receipt of the third parties end of year file. For a sample of 20 third parties we carried out checks to confirm whether Capita had received the data and that they had followed up the issues identified from the checks with the third party within 14 working days. We found:

- In 16/20 (80%) cases, no evidence could be provided of the data being submitted by the third party and of the subsequent checks and follow up performed by Capita on the data.
- For 3/4 (75%) third parties where evidence could be provided, Capita sent the email following up on exceptions or issues they had identified more than 14 working days after they had received the end of year data from the employer. The follow up emails were sent 39, 40 and 45 working days after the submission was received.
- We noted that a tracker is not maintained to monitor the status of each submission. Although there is a control sheet that noted whether the data has been received, it would also be useful for this control sheet to include the status of each request; i.e. whether there were queries back out with the third party, that the checks had been performed and no issues were noted, or that Capita were in the process of performing the checks.

Current year findings (3 of 6)

Data submissions

Operating effectiveness

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Risk

Incomplete or inaccurate data submitted by the third parties is not escalated to the Council in a timely manner resulting in the Council's inability to file the annual benefits statement prior to the statutory deadline.

Recommendations

- a) We will ask Capita to investigate the exceptions noted in this report and going forward will ensure an audit trail of each of the third parties submissions is retained.
- b) We will ask 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.

Management responses

Accepted. Recommendation (b) has already been requested of Capita and was initially promised to be delivered by 6 October 2017, this has subsequently been chased on 19 October 2017 and as at the date of reporting remains an outstanding request.

Responsible person/title:

Senior Pensions Officer

Target date:

- a) 31 October 2017
- b) Complete

Reference number:

1718PFA-3

Finding rating

Rating

High

Current year findings (4 of 6)

Contract Management Control Design and Operating effectiveness

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Finding rating

Rating

High

Finding and root cause

The Council receives a monthly performance report, which is used to monitor Capita's performance. The report outlines performance against each of the key indicators in the contract. For a sample of 20 performance indicators from the contract we checked if they had been included in the sample of 2 monthly performance reports. We found:

- 1/20 (5%) contract performance indicators were not included in the monthly performance reports of both months tested. This indicator related to the 'Monthly Performance and Statistics Report' which is to be completed by Capita 'within 5 working days of the end of the contract month in question'.
- Validation of the reported results is currently not undertaken by the Council. A system report is provided by Capita along with the indicators so it is possible to recalculate the indicator based on the source data. Management explained that this was stopped because of the time constraints and because if there were performance issues these would be brought to their attention via complaints.
- We performed detailed testing to assess timeliness of processing of retirees and new joiners and compared our sample findings (see finding #6) to the performance statistics for work in progress from the monthly performance reports. We noted that the reported statistics do not correlate to our findings. This could be contributed to sampling risk or could be highlighting potential issues around the performance data integrity. Management stated that there may also be cases where the reported timescales can differ based on technical definition of the KPI, for example when a case gets closed and re-opened if it is transferred to a different team.

The performance report is discussed in monthly contract monitoring meetings attended by Capita and the Council. An action log is used to document the key points and agreed actions from each meeting. We reviewed the report and the meeting action log for a sample of two months. We found:

- For 2/2 monthly meetings it was not clear whether underperformance was discussed in detail with Capita and whether they are being held to account for underperformance. A number of indicators in the performance reports (8 in April; 6 in May) were below the 90% threshold defined as underperformance and it is not clear whether these were discussed.

Management explained that this was because the performance reports in both April and May were delivered a day before the scheduled contract meeting. As a result of this, it was not possible for the Council to review the report in depth before the meeting. The delay in sending this performance report represents a failure of the performance indicator described above ('Monthly Performance and Statistics Report'), which was not included in the report. Management explained that the delay was due to a change in staff at Capita, but this issue has now been rectified. The report in June was provided with more time to review prior to the meeting.

Current year findings (4 of 6)

Contract Management

Control Design and Operating effectiveness

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4

Finding rating

Rating

High

Finding and root cause

In addition, the key points and actions that had been recorded were very similar for the two meetings, suggesting that the minutes were not updated or actions were not tracked in an effective manner.

- For 2/2 meetings only the Senior Pension Administrator attended on behalf of the Council and Head of Employee Services was not in attendance. Although it is not essential for senior management to attend, lack of senior management involvement would make it more difficult to escalate and resolve issues.

Risk

The contractor may not be challenged over poor performance leading to error, fraud and poor value for money for the Council.

Recommendations

1. We will escalate to Capita the indicator omitted from the performance report (Monthly Performance Report to be completed by Capita within 5 working days of the end of the contract month') and emphasise the importance of meeting this KPI to ensure the Council has time to review the report before the contract meeting.
2. We will check the completeness of the performance reports monthly to ensure indicators are not omitted from reporting.
3. We will implement a spot checking procedure to check the result reported agrees to the underlying performance data for a defined sample of indicators each month.
4. We will record specific key points and actions concerning underperformance discussed in the contract monitoring meetings, so it is clear where Capita are underperforming and what actions they are taking to address this. Progress against these actions can then be followed up at the subsequent meetings.
5. We will define a validation activity plan to ensure that assurance is obtained across all performance areas over time. We will perform 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.

Current year findings (4 of 6)

Contract Management Control Design and Operating effectiveness

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4

Finding rating

Rating

High

Management responses

1. *Accepted.*
2. *Accepted.*
3. *Accepted. Given the level of resource at the disposal of management, while some spot checking of the presented indicator figures to the underlying performance report provided by Capita will be introduced, this will initially be limited to a small number of indicators and will only be expanded if inaccuracies which imply there may be issues in the integrity of the indicators are noted. These checks will not include tracing back to source data on the Council's system.*
4. *Accepted.*
5. *Accepted. As noted above initial validation of the presented indicators will be limited to a small number of indicators which relate to particular areas of management concern. This review programme will only be expanded if inaccuracies which imply there may be issues in the integrity of the indicators are noted. These checks will not include tracing back to source data on the Council's system.*

In addition to the recommendations raised by the audit regarding the performance data, management are also concerned with the level of 'third party – on hold' cases which represent cases that are on hold due to Capita waiting on outstanding information. These cases are not currently presented as part of the performance data and therefore management is concerned that Capita is not incentivised to progress such cases. Management will therefore also request that data relating to the level of on hold cases is provided by Capita for discussion at the monthly contract management meetings.

Responsible person/title:

Senior Pensions Officer

Target date:

30 November 2017

Reference number:

1718PFA-4

Current year findings (5 of 6)

Reconciliations

Control design and operating effectiveness

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Finding rating

Rating

Medium

Finding and root cause

Hartlink reconciliation

The Council currently do not reconcile discrepancies between Hartlink (the pensions system) and Oracle (the Council's payroll system) during the year. A reconciliation of active members is performed as part of the end of year process in August, which checks completeness and accuracy of changes made during the year. This year end reconciliation only includes active members.

The Contract contains a performance indicator that states that Capita are responsible for a "Data matching exercise between the Provider's system and the Payroll system" and that this is to take place quarterly. This is currently not being performed. Council management stated that performing this quarterly would be impractical given the time it takes to perform the reconciliation. However the contract has not been revised to reflect this.

In testing a sample of new joiners we found 2/20 (10%) new joiners had two active records and both were two full time jobs. Starter forms were viewed to confirm that they were actual starters at Brent Council. Their previous employers' pension funds were also administered by the Council and the pension records had not been updated when they left that job. Management explained that this will get picked up as part of the year end reconciliation process to ensure that records are accurate when producing the annual benefits statement. The record start date was 26/03/2017.

Pensions Bank Account Reconciliation

Finance performs a monthly reconciliation between the pensions bank account and the general ledger and investigates any discrepancies. We checked the two reconciliations had been prepared and approved by two separate people. We also checked if there were reconciling items older than three months. We found:

- 2/2 (100%) reconciliations included £280k of reconciling items that were over three months old. The oldest transaction was dated 19/08/2016. These items are for LGPS contributions coming from schools and have arisen as the Council have not been provided with the correct information. Management explained that previously both the Payroll department and Finance were involved in following up discrepancies and it was not clear who was taking ownership of investigating them. Since June 2017 Finance have been responsible for this process and are required to communicate directly with the schools in order to clear the items promptly.
- We also noted that the bank reconciliation guidance document for staff is dated September 2015. Although we recognise that most of the guidance provisions are likely to still be relevant, it is recommended that the policies and procedures are reviewed annually to ensure they are updated to reflect any changes to the process.

Current year findings (5 of 6)

Reconciliations

Control design and operating effectiveness

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5

Finding rating

Rating

Medium

Risk

Discrepancies between the pensions bank account and the general ledger may not be identified and investigated on a timely basis resulting in inaccuracies in pensions information in the ledger and making it more difficult to resolve at a later date.

Discrepancies between the payroll system and the pensions system may not be identified and investigated on a timely basis leading to incorrect reporting of pensions. These may also be more difficult to resolve at a later date.

Recommendations

- a) *We will ensure that Capita performs a reconciliation of pension data between Hartlink and Oracle to investigate discrepancies on a quarterly basis in line with the contract. The reconciliation will include non-active and active members. The reconciliation will be prepared and authorised by two separate individuals. The reconciliation will be reviewed by a member of the Council.*
- b) *To help enable the reconciliation to be carried out efficiently we will encourage other payroll providers / employers to provide a correct Pensions Contribution List.*
- c) *Finance will investigate the items which are older than three months and query these with the other payroll providers or employers. Going forward, Finance will be responsible for resolving reconciling items with payroll providers or employers within a timely manner.*
- d) *Finance will review and update the bank reconciliation policies and procedures annually to ensure they are updated to reflect any changes to the process.*

Current year findings (5 of 6)

Reconciliations

Control design and operating effectiveness

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5

Finding rating

Rating

Medium

Management responses

- Accepted. Management will request that Capita undertake more frequent reconciliations, however the completion of any such reconciliations will be reliant on Capita.
- Accepted. Management have already requested all other payroll providers / employers to provide a correct Pensions Contribution List.
- Accepted. 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.
- Accepted.

Responsible person/title:

Senior Pension Officer (actions a and b)

Team Leader – Account to Reporting Team, Resources (actions c and d)

Target date:

a) 31 October 2017

b) Complete

c) 30 November 2017

d) 30 November 2017

Reference number:

1718PFA-5

Current year findings (6 of 6)

Timeliness of processing of pension requests

Operating effectiveness

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Finding rating

Rating

Low

Finding and root cause

Capita should send any employee who has applied to retire a form outlining their pension entitlement. This should be sent within three working days. This target was not met for 15/20 (75%) retirees sampled; they took on average 17 working days.

For new joiners, Capita should set up the new joiner in the system within 10 working days of the date the Council provide them with the new joiner details. We found 1/20 new joiners were processed by Capita in more than 10 working days.

Risk

Pension requests may not be processed on a timely basis, leading to complaints from scheme members and/or inaccuracies in the financial records maintained by the Council.

Recommendations

- a) We will review the contractor's procedures for monitoring of outstanding requests.
- b) We will assess the magnitude of delays in 2016/17 and assess if they can result in deductions being applied in line with the contract.

Management responses

Agreed. Performance against the contract will be closely monitored going forward to ensure that the council receives the services that it is paying for. Contract monitoring meetings will always be supported by a head of finance, in addition to the pensions administration staff, and the chief finance officer will also personally attend meetings and/or hold separate discussions with Directors or more senior managers within Capita to ensure satisfactory contract performance"

Responsible person/title:

Payroll Pensions Recruitment & MI Manager

Target date:

31 December 2017.

Reference number:

1718PFA-6

Appendix A: Basis of our classifications

Individual finding ratings

Critical

A finding that could have a:

- **Critical** impact on operational performance; or
- **Critical** monetary or financial statement impact; or
- **Critical** breach in laws and regulations that could result in material fines or consequences; or
- **Critical** impact on the reputation or brand of the organisation which could threaten its future viability.

High

A finding that could have a:

- **Significant** impact on operational performance; or
- **Significant** monetary or financial statement impact; or
- **Significant** breach in laws and regulations resulting in significant fines and consequences; or
- **Significant** impact on the reputation or brand of the organisation.

Medium

A finding that could have a:

- **Moderate** impact on operational; or
- **Moderate** monetary or financial statement impact; or
- **Moderate** breach in laws and regulations resulting in fines and consequences; or
- **Moderate** impact on the reputation or brand of the organisation.

Appendix A: Basis of our classifications

Individual finding ratings

Low





A finding that could have a:

- **Minor** impact on the organisation’s operational performance; or
- **Minor** monetary or financial statement impact; or
- **Minor** breach in laws and regulations with limited consequences; or
- **Minor** impact on the reputation of the organisation.

Advisory

A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Report classifications

Report classification	Level of assurance	Description
	Substantial	There is a sound system of internal control designed to achieve the client’s objectives. The control processes tested are being consistently applied.
	Reasonable	While there is a basically sound system of internal control, there are weaknesses, which put some of the client’s objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client’s objectives at risk.
	Limited	Weaknesses in the system of internal controls are such as to put the client’s objectives at risk. The level of non-compliance puts the client’s objectives at risk.
	No	Control processes are generally weak leaving the processes / services open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes / services open to error or abuse.

Appendix B: Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other changes; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.


We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

Internal Audit Report 2017/18 - Pensions Fund Administration Action Plan

Finding	Action	Target Date	Owner	Status
Retiree payments	We will request Capita investigate the exceptions to understand whether incorrect final salary information is being used by Capita	31-Oct-17	Senior Pension Officer	Capita given an update on the 8 cases and 6 have confirmed as correct; 1 with a variation of £18; 1 they have contacted the employer to verify salary rates over 2 different periods and will update as soon as possible.
	Subsequent action should be determined by management based on the level of inaccuracies identified in the calculations investigated.	30-Nov-17	Senior Pension Officer	We feel the current controls are adequate with the resources available.
Pension changing to standing data	Changes to bank account details will need to be processed by one staff member and reviewed by another to ensure segregation of duties.	01-Nov-17	Principal Payroll Officer	This has been discussed in the team and scheduled to start from January 2018, it is suggested to do this on a sample basis of 20% due to the resources that would be required to do 100%.
Data submissions	We will ask Capita to investigate the exceptions noted in this report and going forward will ensure an audit trail of each of the third parties submissions is retained.	31-Oct-17	Senior Pensions Officer	Awaiting Capita response
	We will ask 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.	31-Oct-17	Senior Pensions Officer	Awaiting Capita response
Contract Management	We will escalate to Capita the indicator omitted from the performance report (Monthly Performance Report to be completed by Capita within 5 working days of the end of the contract month') and emphasise the importance of meeting this KPI to ensure the Council has time to review the report before the contract meeting.	30-Nov-17	Senior Pensions Officer	Completed - requested from Capita and raised in Monthly performance meeting in Dec, Capita will supply within 10 working days of end of month which will give enough time to review before the regular monthly meetings
	We will check the completeness of the performance reports monthly to ensure indicators are not omitted from reporting.	30-Nov-17	Senior Pensions Officer	Completed
	We will implement a spot checking procedure to check the result reported agrees to the underlying performance data for a defined sample of indicators each month.	30-Nov-17	Senior Pensions Officer	Completed
	We will record specific key points and actions concerning under performance discussed in the contract monitoring meetings, so it is clear where Capita are under performin and what actions they are taking to address this. Progress against these actions can then be followed up at the subsequent meetings.	30-Nov-17	Senior Pensions Officer	Completed
	We will define a validation activity plan to ensure that assurance i obtained across all performance areas over time. We will perform 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.	30-Nov-17	Senior Pensions Officer	Completed - checking KPIs against the data provided, this will be considered to be expanded only if any inaccuracies are detected
	On hold third party payments - Management will request that data relating to the level of on hold cases is provided by Capita for discussion at the monthly contract management meetings.	30-Nov-17	Senior Pensions Officer	Asked Capita to review and they have suggested they may be able to close some of these cases – this will be an on-going item for review at the meetings.
	Reconciliations	Management will request that Capita undertake more frequent reconciliations, however the completion of any such reconciliations will be reliant on Capita.	31-Oct-17	Senior Pensions Officer

Finding	Action	Target Date	Owner	Status
	Management have already requested all other payroll providers/employers to provide a correct Pensions Contribution List.		Senior Pensions - Officer	Completed
	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.	30-Nov-17	Head of Finance	Completed
	Finance will review and update the bank reconciliation policies and procedures annually to ensure they are updated to reflect any changes to the process.	30-Nov-17	Team Leader - Account to Reporting Team	Completed

	<p>Pensions Board 12 March 2018</p> <hr/> <p>Report from the Chief Finance Officer</p>
<p>Reconfiguration of Resources Department</p>	

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
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:	(1) Resources Senior Manager Reconfiguration
Background Papers:	<ul style="list-style-type: none"> ▪ N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Conrad Hall, Chief Finance Officer

1.0 Purpose of the Report

1.1 This report sets out the outcome of the reconfiguration of the Resources Department and the implications for the Pensions Administration service.

2.0 Recommendation(s)

2.1 That the Pensions Board notes the report.

3.0 Detail

3.1 The Resources department comprises all of the corporate services, including Finance, Legal, HR, Digital Services, Customer Services, Facilities Management, Property, and Civic Enterprise.

3.2 The strategic director role has been in post for over a year and in that time, there have been some key changes to service areas within the department that necessitate this management reconfiguration.

3.3 In terms of the HR department, there are some aspects of HR which align naturally with other services in resources. Employment relations, policy and advice is derived from employment law and is very much reliant on legal advice. Pensions and payroll administration align closely with finance who are already responsible for pension fund management and servicing the Pensions Sub-Committee. Following this rationale, the operational director level oversight of the majority of the HR function will move to the

Chief Legal Officer. The pensions and payroll administration service will move to the Chief Finance Officer. The role of Director of Human Resources and Organisational development has been deleted.

- 3.4 As the pensions administration service moves to Chief Finance Officer, so does the support provided to the Pensions Board.

4.0 Financial Implications

- 4.1 None. There are no specific financial implications associated with noting this report.

5.0 Legal Implications

- 5.1 None arising directly from this report

6.0 Equality Implications

- 6.1 None arising directly from this report

7.0 Consultation with Ward Members and Stakeholders

- 7.1 Not applicable for this report.

8.0 Human Resources/Property Implications (if appropriate)

- 8.1 None arising directly from this report

Report sign off:

Conrad Hall, Chief Finance Officer

 Brent	<p style="text-align: center;">Cabinet 23 October 2017</p> <p style="text-align: center;">Report from the Strategic Director Resources</p>
For Action	Wards Affected: ALL
<p>Reconfiguration of Resources Department Senior Management</p>	

1.0 Purpose of the Report

- 1.1. This report sets out proposals to further refine the Resources Department senior management structure to create the leadership capacity to deliver priorities and to further align responsibilities in order to improve productivity and efficiency. As the proposals entail the re-designation, deletion and creation of senior management posts, Cabinet's approval is required.

2.0 Recommendations

- 2.1 That Cabinet approves the deletion of the role of Director of Human Resources and Organisational Development for the reasons set out in the report.
- 2.2 That Cabinet approves the proposal to re-designate and then appoint to the Chief Legal Officer role at Hay 3 and notes the intention to move the oversight of the shared service for Procurement with Harrow as well as some aspects of the current HR function to within the remit of the re-designated Chief Legal Officer
- 2.3 That Cabinet approves the creation of a Director of Property and Assets role at Hay 3.
- 2.4 That Cabinet notes the proposal to bring the oversight of Civic Enterprise and some aspects of the current HR function within the remit of the Chief Finance Officer.
- 2.5 That Cabinet notes the proposal to move the Equalities function to Performance, Policy and Partnerships.
- 2.6 That Cabinet delegates the final decision-making on the proposals following consultation to the Chief Executive in consultation with the Leader and Deputy Leader.

3.0 Detail

- 3.1 The Strategic Director of Resources post was created in January 2016 following a restructure of senior management by the chief executive. Her rationale for the creation of the role at the time was stated as:

“The Strategic Director, Resources will be able to provide an overview of the Council’s resource and asset base, these being money, people, property and information technology and manage these to ensure that the priorities of the Council are appropriately resourced.”

- 3.2 The role brought together all the Corporate Services and comprises: Finance, Legal, HR, Digital Services, Customer Services, Facilities Management, Property, and Civic Enterprise. (Procurement moved from Performance, Policy and Partnerships to Resources in April 2017).
- 3.3 It was always the intention that once in post the Strategic Director would review the operation of the department to ensure that, as per the rationale for the role, the priorities of the Council are appropriately resourced. The strategic director role has been in post for over a year now and in that time, there have been some key changes to service areas within the department that necessitate this management reconfiguration.
- 3.4 This report sets out proposals to further refine the Resources Department senior management structure to create the leadership capacity to deliver priorities and to further align responsibilities in order to improve productivity and efficiency.
- 3.5 The proposed changes affect five areas of the department – human resources; legal services; finance; civic enterprise and procurement. The main points for each area are noted below.

Human Resources

- 3.6 The Human Resources function in Brent is responsible for, either directly or through contract management, the workforce strategy, employment relations and advice, corporate learning and development, the workforce equality strategy, pensions and payroll administration, recruitment administration, employee benefits and the occupational health service. Functions such as leading transformation, staff engagement through internal communications and change management, which might in some organisations be led by HR, are led from the Performance, Policy and Partnerships department. This means the service is relatively small when compared to some other HR functions and the remit and span of control of the operational director is not as broad as other comparable operational directors in the Council. This is reflected in the budget in that HR has the smallest net budget in the department. Some years back, the service was led at Head of Service level.
- 3.7 In reviewing the resources department as a whole, the strategic director has considered three things: the need to ensure that all of the services are led at the right level; taking advantage of synergies where they exist to bring closely aligned services together and to avoid unnecessary growth in the number of chief officers in Brent.

- 3.8 There are some aspects of HR which align naturally with other services in resources. Employment relations, policy and advice is derived from employment law and is very much reliant on legal advice. Pensions and payroll administration align closely with finance who are already responsible for pension fund management and servicing the pensions sub-committee. Following this rationale, and the three considerations in 3.7, the strategic director proposes to move the operational director level oversight of the majority of the HR function to the Chief Legal Officer. It is also proposed to move the pensions and payroll administration to the Chief Finance Officer. It is proposed to delete the role of Director of Human Resources and Organisational development.

Subsequent proposals will confirm the structure for the management of the HR function under the Chief Legal Officer to ensure that the service retains the appropriate level of management by a technical specialist. These proposals will also address the detail of how the remaining HR function will be organised including the implications for other roles in the service affected by the restructure.

- 3.9 With the recent resignation of the Head of Equalities being announced in line with changes to the HR function, it is timely to reconsider the positioning of equalities activity in the Council. A significant proportion of the work is community facing and therefore there are natural synergies with the community engagement activity led from within Performance, Policy and Partnerships. As such, it is proposed as part of these changes to move the equalities function to the Partnerships and Strategy team where it will align far more closely.
- 3.10 This reorganisation is not intended to signal a devaluing of the role of HR in Brent as this remains critically important but instead to bring greater coherence to the responsibility of operational directors in the resources department. All HR functions will continue to be undertaken. In seeking to appoint a permanent Chief Legal Officer, attention will be paid to seeking an individual with the breadth of experience to oversee more than a pure legal function. It should also be noted that the strategic director comes from a professional HR background and as such is well able to contribute to overall strategic HR matters such as the workforce strategy.

Legal Services

- 3.11 In legal services, when the previous operational director post was deleted, it was anticipated that a shared service model would bring the opportunity to access senior leadership capacity from another Council. Having explored the shared services option in depth, the strategic director has concluded that there is no benefit to be gained for Brent from pursuing this option in its fullest sense although we continue to use cross borough frameworks where these bring greater efficiency. A restructure of the legal service has reduced the senior capacity thereby requiring the head of the service to undertake a more strategic role and senior leadership across the service as well as being the Monitoring Officer. With the growth in our commercial, property and regeneration portfolios, and our renewed commitment to provide or commission legal support in-house, there is a requirement for the service to be led at the right level.
- 3.12 The previous head of service left in the autumn of 2016 and although we have secured a fixed term appointment, all indications from the market are that we will be unable to make a permanent appointment to the role, with the experience we require,

if the post remains at head of service level. A re-evaluation of the job description reflecting the current duties and responsibilities has confirmed the post as a Hay 3.

- 3.13 To add further weight to the re-designation of the role (although strictly speaking it is not necessary), and realise natural synergies, the proposal is to move the oversight of the shared divisional director of procurement to the Chief Legal Officer. Legal and procurement work very closely together and so this will enhance current arrangements. The Brent 2020 Procurement and Commissioning Board will continue in its current remit to ensure the target to drive greater value and savings from all procurement activity is achieved. As detailed earlier in this report, the re-designated role will also take oversight of the majority of the current HR function.
- 3.14 Subject to Cabinet approval and following the outcome of the consultation, the intention will be to move immediately to permanent recruitment to the post. It will be important to seek an individual with the appropriate breadth of experience of leading more than a pure legal function. In line with the new grade, this will be conducted by the Senior Staff Appointments sub-committee.

Property Services

- 3.15 Property services has expanded considerably over the last year in line with our investment and property strategies. A number of self-development projects have secured investment and are moving into development phase e.g., London Road, Preston Road, Church End, Stonebridge, the Learie Constantine Centre and Knowles House; Bridge Park is progressing towards development; we have become a leading partner in One Public Estate and there is a significant programme of property acquisition to service Invest 4 Brent, the NAIL programme and the South Kilburn development. With housing management and development coming back into the Council, the property service will also absorb the housing self-development portfolio. These are all growth areas in the service which have occurred in the 18 months since the previous Operational Director post was deleted and like the legal service, now is the time to ensure the service has the appropriate capacity at senior strategic level to conduct its three functions of asset strategy and management; asset development and asset delivery cohesively. In addition to the growth areas listed, the property service also has responsibility for managing the Council's commercial lease arrangements; emergency planning and management; facilities and buildings management; civic centre capital development projects; health and safety and managing all property and land data.
- 3.16 It is therefore proposed that an Operational Director Property and Assets post is created in order to provide the senior strategic leadership needed to deliver Brent's property and wider ambitions. At this time, no other changes to the structure in the service are being proposed as these will be subject to the new role re-designing the service once they are in post. The budget for this growth will be met from within the overall Resources budget initially but a future change will identify the budget for the cost of this post as well as the identified savings required from property services. A proposed job description and person specification is included at Appendix One.

Other Changes

- 3.17 More generally in the department, it is proposed that some services can be better aligned so that natural synergies are realised. The department is fundamentally different from others in the Council in that there are a range of specialist services of strategic and corporate reach. This means that it does not naturally mirror the two or three Operational Director structure of other strategic directors. However, it is time to move closer to the wider organisation design in restricting reports to the strategic director to Operational Directors (or their equivalent) only.

The proposal is to restrict senior direct reports to five by moving the reporting line of the shared divisional director of procurement to the proposed Chief Legal Officer as detailed above and to move the head of civic enterprise to the oversight of the Chief Finance Officer. Now that the civic enterprise function is established and there is a Head of Finance commercial role, there is logic in moving the Head of Civic Enterprise post within the finance service. This move will not diminish its focus on innovation, income-generation and driving commerciality. As this is not a restructure and simply represents a change in line management, it is included for information purposes only.

4.0 Financial Implications

- 4.1 The net cost of the proposed restructure is £42,000 and can be contained within the existing Resources budget envelope in 2018/19. This includes any associated one off redundancy costs, which have yet to be calculated. From 2019/20 a budget will be identified within the overall Property budget as part of a wider review of the budget that includes the delivery of required savings.

5.0 Legal Implications

- 5.1 As these proposals envisage the deletion of Director of Human Resources and Organisational Development post and the redesignation of Chief Legal Officer post, then the Council is legally obliged to follow the consultation requirements set out in its "Managing Change Policy" (Policy); officers' individual employment contracts and provided for by employment law more generally. Accordingly, the proposals to delete these positions should be subject to a minimum of 15 calendar days' formal consultation under the Policy.

- 5.2 In addition, these officers' individual employment contracts are subject to JNC terms and conditions. That being the case, the officers are entitled to a longer period of consultation of 28 days and to be given an opportunity to make oral representations to the relevant committee before a final decision is made to dismiss by reason of redundancy. The individual officers however may elect to waive these additional entitlements.

- 5.3 Finally, careful regard will also be had to whether the proposed deletion of these two posts will tip the number of redundancies which the Council is proposing to make within a 90 day period to more than 20 redundancies. If it were to do so then there is a legal requirement contained in section 188 of Trade Union Labour Relations Consolidation Act 1992 to consult for a minimum of 30 days; or if 100 or more employees are being made redundant within 90 days, to consult for at least 45 days. It is understood that the statutory threshold of 20 redundancies within a 90 day period is not triggered by these proposals.

6.0 Equalities Implications

6.1 An equalities impact assessment will be undertaken as part the process of implementation.


7.0 Staffing/Accommodation Implications

7.1 The report proposes one additional post and one post deletion so there is no impact on accommodation. All other staff will remain in their current work locations, there is no impact on accommodation.

Contact Officer

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ALTHEA LODERICK
Strategic Director of Resources

 Brent	Pensions Board 12 March 2018
	Report from the Chief Finance Officer
The Pensions Regulator	

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
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:	(1) Record Keeping Plan (2)
Background Papers:	▪ N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Conrad Hall, Chief Finance Officer

1.0 Purpose of the Report

1.1 This report provides 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 is in view of previously reported breaches of statutory regulations and the significant data issues that have been identified as a result.

2.0 Recommendation(s)

- 2.1 That the Pensions Board notes the report.
- 2.2 That the Pensions Board request officers to investigate possible sanctions that could be applied to participating employers that do not comply with the statutory regulations.

3.0 Detail

Record Keeping Plan

3.1 The Pension Regulator has published a guide for trustees and scheme managers to put an improvement plan in place where data issues have been identified. This is attached as Appendix A.

- 3.2 The guidance sets out a number of minimum requirements all pension schemes must meet in order to demonstrate good levels of understanding and adherence in ensuring the upkeep of suitable data. Accurate pension scheme data is critical for the smooth running of a pension scheme to identify members and accurately calculate member benefits. The guidance categorised data in two ways 1) Common data and 2) Conditional data, each with a minimum number of requirements.
- 3.3 The Common Data items are: National Insurance number, surname, forename and/or initials, gender, date of birth, date pensionable service started, expected retirement date, membership status, last status event, address and postcode. Conditional data consists of all the types of data used to accurately calculate benefits which are conditional to the make-up of each pension scheme.
- 3.4 The root cause of some of the underlying data issues rests with information flow from payroll providers for schools and other organisations (employers) which have admitted body status or are already LGPS members. The council provides payroll services for only four schools. This means that as administrators of the scheme, the council will frequently have to chase queries from other employers and/or payroll providers if the data is not forthcoming. To date, the council has not considered any sanctions that could be applied to those non-compliant employers, however further work is required to identify the legal and regulatory framework within which this would be possible.
- 3.5 In brief, the scheme's data issues mainly relate to the provision of active member information provided by employers, and missing information such as salary information, missing service / information on contracted hours, missing part time hours and salaries below a minimum wage. There are also other data issues such as incomplete CARE events, missing CARE salary history, CARE benefit calculation issues, and up to date addresses not held. It is for these reasons that it has been challenging for the scheme manager to produce annual benefit statements on time, as required by legislation.
- 3.6 Despite the issues identified above in relation employer compliance and the related data issues, it is the responsibility of the third party administrator (via a contractual obligation) to manage and resolve these issues. It is clear, therefore, that the contractor's performance has not met the standards expected which has disappointedly resulted in the failure to meet the scheme's statutory requirements. Further details of underperformance are noted in the audit report on the same agenda.
- 3.7 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 does 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). Specifically,
- It does not set out how we intend to specifically address the data issues
 - It does not address how we intend to improve the quality and timeliness of data of information provided by employers
 - It does not address how and when we will rectify the reported breach in relation to annual benefit statements in a reasonable timescale.
- 3.8 The Pensions Regulator expressed the following elements to be incorporated in the improvement plan:
- Clear objectives on how we intend to achieve improvements in data, in order of priority

- Clear outcomes that will be achieved based on the above objectives, including how they will be measured and how long it will take to achieve them
 - Clearly set out the scope of improvement work
 - A breakdown of activities the scheme administrator will 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
- 3.9 The Pensions Regulator expected a revised and robust record keeping plan to be submitted by 5 January 2018, including a pro forma that breaks down further detailed information about the scheme. Failure to do so would be considered a failure to meet our legal obligations and enforcement action could be taken, including an improvement notice. The Regulator's letter is attached at Appendix B.
- 3.10 The revised record keeping plan and pro forma were submitted to the Regulator by the deadline, as set out in appendices C and D respectively.
- 3.11 Following the submission, officers 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 are planned over the next six months to monitor progress against the plan.

Annual Benefit Statements

- 3.12 As reported to the Pensions Board in November 2017, 100% of annual benefit statements had not been sent out by the statutory deadline of 31 August 2017. Where possible, Capita have notified members of this and have been working to resolve the outstanding queries.
- 3.13 Active members on the End of Year Returns as at 31 March 2017 supplied to Capita were 6,125, but this included 374 leavers so the active membership was 5,751. ABSs sent to active members by 31 August 2017 was 4,123. Since this date a further 198 ABSs have been sent out, leaving 1,430 remaining. Of this, 1,179 have various queries that require further investigation and are being resolved with employers/schools, including low or no salary information and no pension record. Capita aim to supply the remaining 251 ABSs by the end of January.
- 3.14 Of the deferred members, the position remains the same as previously reported; 6,027 out of 8,014 ABSs have been sent out, of which 103 are no longer deferred and should be in receipt of their pension, 29 have queries outstanding with employers and 371 require an IT solution to fix. The vast majority, 1,484, of deferred members that have not received an ABS are where an up to date address is not held on the system. Typically this is where members have moved addresses and not informed us of their new address. In order to address this as quickly as possible, Brent have commissioned a specialist tracing company to locate and contact these members.

Publishing Scheme Information

- 3.15 Certain information relating to public service pension schemes needs to be published so that scheme members and interested parties know that their scheme is being managed effectively. In addition, the scheme manager must publish and keep up-to-date information about the pension board.
- 3.16 In response to this requirement, the Council has improved the layout of the external website, linking the Pension's webpage to the Pension Board's democratic services webpage to ensure members and interested parties can easily find all relevant information. Other useful information has also been added including the Pensions Administration Strategy, the Funding Strategy Statement, the Investment Strategy Statement, and actuarial reports.

4.0 Financial Implications

- 4.1 There are no specific financial implications associated with noting this report.
- 4.2 Nevertheless, there are resource implications arising as a result of poor contractor performance. Additional expenditure and resources are required to oversee non-compliant employers, legal oversight in terms of contractual obligations and additional officer time in managing the relationship with the Regulator to prevent any enforcement action. The total cost of these resource implications has yet to be fully quantified as actions are ongoing, but are ultimately funded from the Pension Fund which is entitled to be recompensed.

5.0 Legal Implications

- 5.1 None arising directly from this report

6.0 Equality Implications

- 6.1 None arising directly from this report

7.0 Consultation with Ward Members and Stakeholders

- 7.1 Not applicable for this report.

8.0 Human Resources/Property Implications (if appropriate)

- 8.1 None arising directly from this report

Report sign off:

Conrad Hall, Chief Finance Officer

A quick guide to improving your data

About this guide

Trustees and scheme managers should review their data at least once a year and if there are any issues, put an improvement plan in place to address them. This guide will help you design an improvement plan, or assess the one you currently have in place. It is applicable whether your pension scheme is administered in-house or by a third party provider.

The improvement plan should clearly set out the steps you are taking to improve your scheme data. Your plan will be unique to your scheme's circumstances. Your plan does not need to be complicated – the amount of detail you need to go into will depend on the complexity of the issues you are trying to address. However there are certain elements we expect to see in any robust improvement plan, based on our experience of good practice.

We expect all trustees and scheme managers to maintain accurate records. Failure to do so can put you at risk of failing to meet your legal obligations and we may take enforcement action where schemes are not meeting the standards we expect and are failing to demonstrate they are taking appropriate steps to improve their records.

What are your improvement plan's objectives?

In your plan, you should clearly set out the objectives you are trying to achieve by improving your data. If you have multiple objectives you should set them out in order of priority.

Example objectives

- ▶ Addressing data issues which impact your ability to run your scheme effectively, including paying out benefits correctly, processing core transactions, ensuring a high standard of service for members, keeping costs manageable or meeting various legal obligations. These issues might typically be identified through your annual data review, an audit or the valuation process
- ▶ Improving members' experiences, for example providing members with online access to their records

continued...

- ▶ Increasing automation or administrator efficiency, for example reducing service times as information is more readily at hand
- ▶ Preparing for the transition to a new administration system or a new administrator
- ▶ Improving employer confidence in the assessment of liabilities and the appropriateness of their contributions and recovery plans
- ▶ Improving data ahead of a de-risking exercise or a liability management exercise

Outcomes

You should set out the outcomes that will be achieved, based on your objectives, including how they will be measured and how long it will take to achieve them.

Examples may include:

- ▶ Improved member service, for example fewer member complaints, and reduced processing times for events such as transfers
- ▶ More member communications issued accurately and on time
- ▶ Fewer assumptions in valuation data
- ▶ Improved administrator performance, for example an improvement in the time it takes to complete certain tasks
- ▶ Reduced administration costs
- ▶ Completion of administrative tasks, for example clearing any backlogs
- ▶ Updated and documented procedures which reduce the risks of errors recurring
- ▶ Improvement in data scores, which you should retest once you've cleaned the data to demonstrate progress

Scope and prioritising

You should clearly set out the scope of your improvement work, in particular:

- ▶ which data is included or not
- ▶ membership types included
- ▶ how far back your improvement work will go

You may need to take a phased approach if there is a lot of work required or it is particularly complex, or in light of your budget, prioritising the work in light of the objectives you're trying to achieve or the risks you're trying to mitigate.

As a general rule you should prioritise data which will have the greatest impact on member benefits – some other examples are outlined in the table below.

Data type	Personal information, which will improve your ability to communicate with members
	Specific data item which is a frequent cause of complaints
Member type or profile	Pensions in payment first
	How close members are to retirement
Data source	Largest employer first (in a multi-employer scheme)
Scheme event	The data you need for certain scheme events such as issuing benefit statements or valuations
Return on investment	Issues which have the greatest impact on running costs
Technical solution	Bulk automated resolution
Quick wins	Known data issues which are relatively easy to rectify

Breakdown of activities

You should break down the activities your administrator will undertake for you as part of the improvement plan. For each activity, you should set out:

- ▶ the issue to be addressed
- ▶ the methodology to be used, for example member address tracing, pensioner existence checks, research of company employment records
- ▶ resource allocation – who, how many working hours / days will it take
- ▶ any assumptions made, for example the number of records likely to need work, which members are covered and how any identified errors will be rectified
- ▶ timescales and target dates
- ▶ how you will know the task has been achieved (success criteria)

Remember: Improvement work doesn't end when the data is clean

You need to ensure the data is fed back into your systems, and you should include follow-up activity in your plan, for example:

- ▶ updating payroll systems and member records
- ▶ communicating with members
- ▶ rectification work, for example if you identify overpayments or underpayments
- ▶ capturing and documenting changes to data and processes so future administration teams know what has been done
- ▶ embedding new processes and working methods to ensure improvements are maintained

Dependencies

You should identify any other work which might impact on your improvement work, particularly where data is changed or the same resources need to be used. This will help you identify potential sources of conflict, or opportunities to minimise burden, for example by reducing the number of times you ask employers for data, or by only writing to members once.

Examples of other work that you may need to factor in could include valuations, member communication exercises, GMP reconciliation, year-end reconciliation, negotiating an administration contract, proposed de-risking exercises, or proposed scheme structure changes.

Timeframes and timelines

Your improvement plan must have a defined end date within a reasonable timeframe. More complex work can take a number of months so you should consider breaking it down into phases.

Mapping work into a timeline helps with planning, in particular by identifying hard deadlines, and where additional resource may be required. Your timeline should clearly set out key milestones, reporting and decision points. It should also reflect the dependencies you have identified.

Resourcing

Plans should take account of available staff and financial resources. You should agree at the start whether the work will be delivered as part of ongoing 'business as usual' administration or as a separately managed project, with additional budget and resource. If you are diverting resource from other work, you should set out what impact this will have for the scheme.

As well as the administrators' resource, you should consider other parties you may need to obtain data from, for example employers (providing member information, employment and contribution history), HM Revenue and Customs (National Insurance numbers), members (dates of birth, email addresses), tracing companies (address checks, existence checks), and advisers such as actuaries or lawyers.

Governance and reporting

Trustees and scheme managers are ultimately accountable for scheme record-keeping, and they need to have appropriate oversight of progress and the quality of the work delivered. They also need to be available to answer any queries the administrator has as the work progresses.

You should agree roles and responsibilities at the outset, in particular those of the trustees or scheme manager and administrators. Your plan should set out who will make decisions, for example signing off on success criteria, or signing off on changes to the work (to the timeline, to resources and to budget). You should set out any discretions the administrator has.

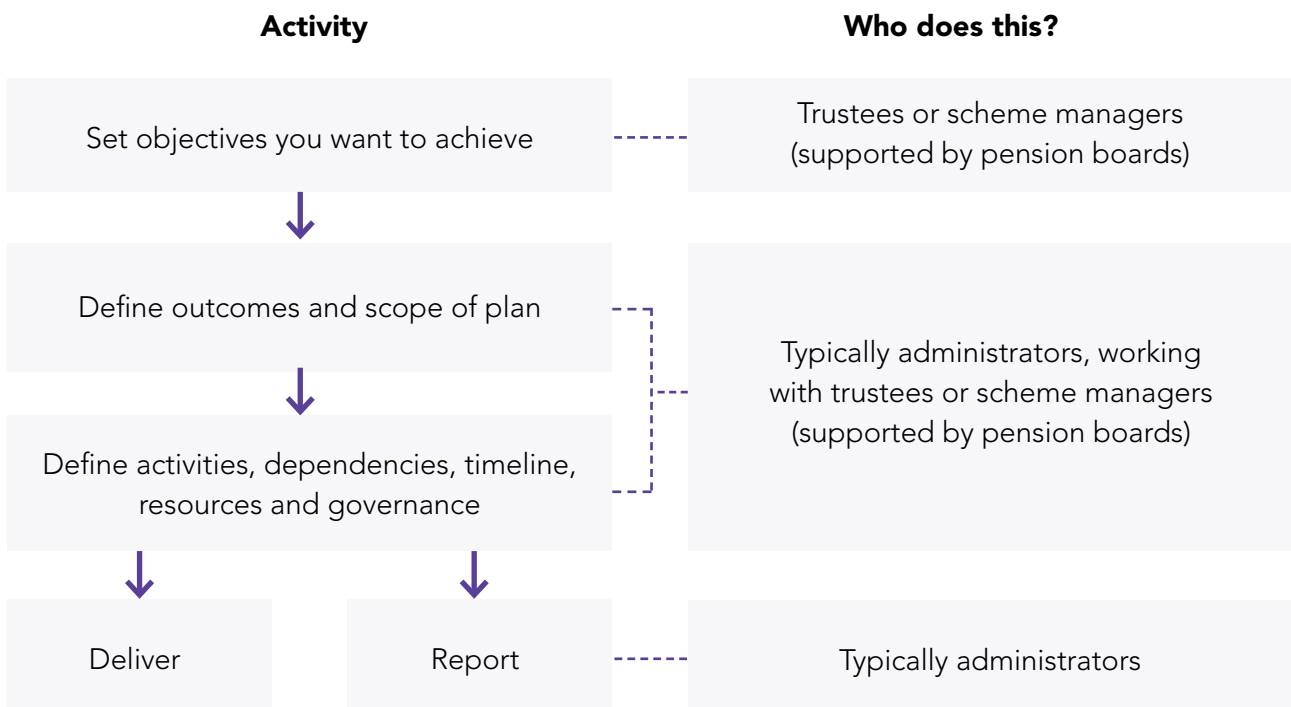
You should also set out how, to whom and when the administrator will report on progress. This should include reporting to trustees or the scheme manager but also other relevant parties, for example pension boards, employers or members.

Depending on the complexity of work you may wish to have a range of other formal controls in place, for example a decisions/action log or a change control log.

Ongoing data improvement

Data improvement is a continuous process not a one-off exercise. Your engagement with data does not end when the improvement plan is delivered. You should regularly check the data you need to run an efficient and effective scheme, and make sure data is managed well on a day to day basis. You can find out more in our record-keeping quick guide.

Flowchart: designing your improvement plan



Where can I find out more?

Record-keeping quick guide at www.tpr.gov.uk/record-keeping-guide

DB and DC schemes

Record-keeping guidance at www.tpr.gov.uk/guidance-record-keeping

DC code of practice at www.tpr.gov.uk/code13

DC guide to administration at www.tpr.gov.uk/admin

Public service schemes

Public service code of practice at www.tpr.gov.uk/code14

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The Pensions
Regulator

The Pensions Regulator

Private and Confidential

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By email to Anna.Mccormack@brent.gov.uk
and post

29 November 2017

Case reference: C92391304

Dear Ms McCormack

London Borough of Brent Pension Fund (“the Scheme”)

I am writing further to the record keeping improvement plan sent to us on 6 November 2017 and our conference call held on 28 November.

As you are aware, the Regulator is placing greater focus on record keeping across all pension schemes, including public service schemes, in order to drive up the standards of record keeping and data maintenance. Therefore, the Regulator’s corporate plan for 2017-2020 includes record keeping as one of our corporate priorities and to measure this, we have a key performance indicator targeting 90% of public service schemes we engage with in respect of record keeping should have a robust plan in place.

Legal requirements

As you will be aware, under the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014, the Scheme Manager must keep records relating to member and beneficiary information, transactions and pension board meetings and decisions.

Scheme’s data

I understand the Scheme’s data issues mainly relate to the provision of active member information provided by employers via the interface which is inaccurate and has missing information such as salary information, missing service / contracted hours information, missing part time hours and salaries below a minimum wage.

I also note from the breach of law report submitted on 28 September 2017 there are other data issues such as corresponding pension administration records not held, incomplete CARE

events , missing CARE salary history, CARE benefit calculation issues, and up-to-date addresses not held.

I understand that historically it has been challenging for the Scheme Manager to receive accurate and complete end of year data from employers / payroll providers in sufficient time to produce annual benefit statements for relevant members (active, deferred, deferred pensioner and pension credit members), as required by legislation.

The information provided to the Regulator to date does not provide a sufficiently clear picture of the Scheme Manager's adherence to the above Regulations. As such, we enclose a proforma which we request you complete and return to ourselves by **5 January 2018** in respect of the Scheme's current position, alongside the record-keeping improvement plan requested below.

Record keeping improvement plan

It is our view that the record-keeping improvement plan provided does not meet the standards we expect as set out in our guidance; A quick guide to improving your data:

<http://www.thepensionsregulator.gov.uk/docs/improve-data-guide.pdf>

In particular, it does not clearly set out how the Scheme Manager intends to specifically address the data issues reported to the Regulator, or how you intend to improve the quality and timeliness of the information provided by the participating employers.

In addition, there is no reference made in the plan as to how and when the Scheme Manager intends to address the data issues in order to rectify the reported breach of providing 2016/17 annual benefit statements by the statutory deadline of 31 August 2017 within a reasonable and realistic timescale.

As outlined in our guidance, the elements we expect to see within an improvement plan are reiterated below:

- Clear objectives on how the Scheme Manager intends to achieve improvements in the Scheme's data. If there are multiple objectives, these should be set out in order of priority.
- Clear outcomes that will be achieved based on the above objectives, including how they will be measured and how long it will take to achieve them.
- Clearly set out scope of the improvement work including which data is included or not, membership types included, how far back your improvement will go.
- A breakdown of the activities your Scheme administrator will undertake on behalf of the Scheme Manager as part of the improvement plan, and for each activity please set out:
 - The issue to be addressed;
 - The methodology to be used, for example member address tracing, pensioner existence, research of company employment records;
 - Resource allocation – who, how many working hours / days it will take;
 - Any assumptions made, for example the number of records likely to need work, which members are covered and how any identified errors will be rectified;
 - Timescales and target dates;
 - How the Scheme Manager will know the task has been achieved (success criteria) given that the Scheme Manager retains responsibility for the monitoring and oversight of the administrator's activities.
- Dependencies - Identify any other work which might impact on data improvement work.

- The improvement plan must have a defined end date within a reasonable timeframe.
- Mapping work into a timeline helps with planning. Any timeline should clearly set out key milestones, reporting and decision points. It should also reflect the dependencies identified.
- Whether the data improvement work will be delivered as part of the ongoing 'business as usual' administration or as a separately managed project.
- Improvement plan should set out who will make decisions for example sign off on success criteria, or signing off on changes to the work (timeline, resources, budget).
- Set out how, to whom and when the Scheme administrator will report on progress, and include reporting to the Scheme Manager and other relevant parties for example, pension board, employers or members.

Expectations

We expect all scheme managers to maintain accurate records. Failure to do so can put the Scheme Manager at risk of failing to meet its legal obligations and we may take enforcement action where schemes are not meeting the standards we expect and are failing to demonstrate they are taking appropriate steps to improve their records.

As set out in the conference calls held on 28 November 2017 and 24 August 2017 and the correspondence dated 24 August 2017 and 18 September 2017, the Regulator requires the Scheme Manager to put in place a record keeping improvement plan to address the record keeping data issues in order for accurate records to be held by the Scheme.

Following our observations of the record-keeping plan provided (as outlined above), the Regulator expects the Scheme Manager to revisit this and put in place a robust record keeping improvement plan that includes how the Scheme Manager intends to address the data issues outlined above by **Friday 5 January 2018**.

If the Regulator considers the revised record-keeping improvement plan is not sufficiently robust to address the outstanding data issues the Regulator may consider whether it is appropriate to use any of our powers including, but not limited to, an improvement notice.

We recommend you share this letter with the Scheme's Pension Board to ensure that they are fully aware of the Regulator's expectations in regards to the Scheme's record- keeping and the steps the Scheme Manager is required to take to address this.

If you have any questions please let me know otherwise I look forward to hearing from you by **Friday 5 January 2018**.

Yours sincerely



Sarah Dove
Case Manager
Case Management
Frontline Regulation Directorate

Enclosed: Proforma for completion

Appendix

Please note that the information you provide in response to this request may be used by the Regulator for the purpose of exercising its functions. Pursuant to section 80 of the Pensions Act 2004, any person who knowingly or recklessly provides the Regulator with information which is false or misleading in a material particular in these circumstances is guilty of an offence.

Please note that information obtained by the Regulator may be "restricted" within the meaning of section 82 of the Pensions Act 2004. If so, the Regulator, and any person who receives the information directly or indirectly from the Regulator, is subject to the restrictions on its further use and disclosure set out in that section. Your attention is drawn in particular to the provisions of section 82(1) and 82(2) of the Pensions Act 2004. Onward disclosure of restricted information, other than in accordance with the Pensions Act 2004, is a criminal offence.

Information (including personal data) provided to the Regulator in response to this request may be used (including disclosing it to third parties) in connection with any of its functions or duties under the Pension Schemes Act 1993, Pensions Act 1995, the Pensions Act 2004, the Pensions Act 2008 or any other enactment which confers functions or duties upon the Regulator.

The Regulator is a data controller for the purposes of the Data Protection Act 1998 ("DPA"). We hold and process personal data in accordance with the principles set out in the DPA in carrying out our statutory functions/duties. Please ensure you have the necessary authorisation/permission to disclose to the Regulator personal data of other individuals or persons.

Record Keeping Plan London Borough of Brent Pension Fund

1.0 Introduction

- 1.1 This document sets out the London Borough of Brent Pension Fund Record Keeping Plan (as amended in January 2018). The plan primarily relates to various activities and objectives that cover the period November 2017 to March 2018, but also includes some ongoing activities for the remainder of 2018 and beyond.
- 1.2 The Record Keeping Plan has been updated to comply fully with the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014, including guidance issued by The Pensions Regulator.

2.0 Objectives

- 2.1 The objective of the plan is to ensure scheme data is accurate, compliant with all the relevant regulations and that robust processes and procedures are in place to ensure that the data is maintained.
- 2.2 The plan looks to analyse data categorised in two ways – common data and conditional data. Appendix A is the detailed plan and is organised as follows:

Part 1: Overall Record Keeping Plan

- 2.3 This section is categorised into four main objectives, including priority level and timescales.

1.1 Pension Scheme Data Overall Objective

- Improve scheme data 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 yet issued can be sent out as soon as possible
- To have accurate and compliant scheme data by April 2018
- To assist with a smooth transition to our new scheme administrators, the LPP by October 2018
- To assist with our Tri-Annual valuation coming up March 2019.

1.2 Pension Scheme Data Participating Employers Objective

- Improve scheme data provided by participating employers
- Participating employers to provide any missing data to the scheme administrators Capita
- Data from participating employers to be 100% complete and accurate with Capita feeding back to us on quality of the data from participating employers

- Scheme administrators Capita to be able to send out unissued annual benefit statements that were held up by the incomplete data from participating employers
- Scheme administrators Capita to update their systems with accurate data ready for the move to the new scheme administrators LPP.

1.3 Pension Scheme Data Update Objective

- All data to be updated by the end of June 2018 in readiness for the move to new pension administrators October 2018
- To issue annual benefit statements by 31 August 2018.

1.4 Pension Scheme Data Participating Employers' Data

- Electronic mailshot to inform participating employers of their duties in supplying complete and accurate information
- Participating employers to supply this data by 31 January 2018
- Monitor that this is being complied with
- Procedures in place to monitor the data from participating employers
- Feedback from scheme administrators Capita.

Part 2: Common Data Plan

- 2.4 There are 11 key data items used to identify the scheme membership that are common to all pension schemes. These items are essential to the confirmation of the member's identity and are common to all scheme. The Common Data items are: National Insurance number, surname, forename and/or initials, gender, date of birth, date pensionable service started, expected retirement date, membership status, last status event, address and postcode.
- 2.5 The plan specifically identifies where the common data is not compliant and the methodology and timescales required to achieve the objective for each data type.
- 2.6 This plan is also used for monitoring and governance purposes by tracking progress and identifying any issues that need to be addressed. Progress is tracked using RAG methodology as follows:

Green- Objective on target to be met.

Amber- In progress but needs to be closely monitored.

Red- Objective not on target and needs urgent attention.

Part 3: Timescales & Objectives

- 2.7 This part of the plan lays out the anticipated activities and timescales, including dependencies and resources required.

- 2.8 The main considerations that have been highlighted are the move to a new scheme administrator (planned for October 2018) and the tri annual valuation (planned to start in October 2018).
- 2.9 The plan also includes longer term plans facilitated by the move to the new administrators, including self-service and greater use of technology to improve services. It is also intended to engage with employers on a more frequent basis to ensure compliance with the regulations regarding their data.

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Index	Priority	Description	Responsible	Objectives For Record keeping Plan	Data Scope of the Member Categories To Be Included for Objectives	Data Scope Types Of Data	Expected Outcomes from the data improvement plan
1.1	1	Pension Scheme Data Overall Objective	Scheme Manager supported by the Board, Chief Finance Officer, Head of Finance, Pension Manager.	Overall objective is to 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, to be ready for the move to new administrator LPP October 2018 with complete and accurate data, to have complete and accurate data ready by August 2018 for the Tri-Annual valuation coming up in March 2019.	Active, Deferred, Pensioner, Beneficiaries, Pension Credit Members.	Common data, conditional data, participating employer data.	<p>Scheme data will be improved to meet the standards as set out in The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014, and monitored by the Record Keeping Plan to ensure full compliance going forward. Less time taken to complete task such as annual benefits statements, existence exercises.</p> <p>Scheme member communications being issued on time. Reducing time taken to complete events that require scheme data. Assist with clearing any backlogs due to missing or incomplete scheme data.</p> <p>Ensure a smooth transition to the new scheme administrator LLP in October 2018. Improving data scores. Provide a higher standard of service to scheme members, ensure any communications from the scheme reach as many scheme members as possible. To facilitate a smooth transition to our new third party administrators, ensure less disruption to scheme member services, to get scheme announcement to as many members as possible.</p> <p>Provide a higher standard of service to scheme members, ensure any communications from the scheme reach as many scheme members as possible. Ensure less disruption to scheme member services, to get scheme announcement to as many members as possible. Improve scheme procedures, ensure best practises for scheme data, keep accurate records long term, record keeping plans.</p> <p>The schemes administrators Capita record keeping systems will be updated to ensure annual benefit statement are issued in a timely manor, improve events such as existing checking, and administration tasks such as, pre retirement options, deaths, retirements, transfers, to improve service times for scheme members, assist with the move to new third party administrators LPP October 2018.</p>
1.2	2	Pension Scheme Data Participating Employers Objective	Scheme Manager supported by the Board, Chief Finance Officer, Head of Finance, Pension Manager.	Improve scheme data provided by participating employers, participating employers to provide any missing data to the third party administrators Capita, data from participating employers to be complete and accurate, third part administrators Capita to be able to send out non issued annual benefit statements as soon as possible that were held up by the data from participating employers, and for them to be able update their system with accurate data ready for the move to the new third part administrators LPP October 2018.	Active.	Employee data held by participating employers.	Data held by our third party administrators Capita will be updated with the missing or incomplete scheme data by the end of March 2018, ready for the move to new pension administrators in October 2018, improving communication, employer engagement, employer forum.
1.3	3	Pension Scheme Data Update	Scheme Manager supported by the Board, Chief Finance Officer, Head of Finance, Pension Manager.	All data to be updated by the end of June 2018 in readiness for the move to new pension administrators October 2018, and to issue annual benefit statements by 31 August 2018.	Active, Deferred, Pension Credit Members.	Common data, conditional data, employer data, pension scheme data held by our pension third party administrators Capita, pension scheme data held by Brent, pension scheme data held by participating employers.	Local Pension Partnership (LPP) our new pensions administrator will be providing an employer portal for uploading employer data.
1.4	4	Pension Scheme Data Participating Employers Objective And Longer Term Objectives	Scheme Manager supported by the Board, Chief Finance Officer, Head of Finance, Pension Manager.	Electronic mailshot to inform participating employers of their duties in supplying complete and accurate information, for them to supply this data by 31/01/2018, and to monitor that this is being complied with. Procedures put in place to monitor the data from participating employers with feedback from third party administrators Capita.	Active.	Data held by participating employers, such as salary information, missing service, contracted hours, information, missing part time hours, salary below minimum wage, incomplete CARE events, missing CARE salary history, up to date addresses not held, missing data as informed by our third party administrators Capita.	<p>Longer term the participating employers to provide the new third party administrators LPP with the information that they require every month via an online portal.</p> <p>Procedures and plans to monitor all data held by all parties to ensure continuing compliance with the regulations and our contracts with them. Member portal provided by LPP to provide members with benefits statements.</p>

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Common Data Plan

Index	Data Type	Scope Of Data	Incomplete Data	Scope Data Not Included	Membership Types	Methodology	Methodology Notes	Assumptions	Timescales	Status
2.1	Common Data	National Insurance Number	192		Active, Deferred, Pensioner, Beneficiaries.	Scheme administrator to obtain National Insurance Numbers.	There are 11 records with Temporary NI numbers which are being investigated under the Record Keeping Plan. There are 181 records that are being investigated that may be incomplete or incorrect and these are being investigated as part of the Record Keeping Plan.	Scheme administrator to obtain NINO and this has already started 01/09/2017	01/11/2017 to 31/03/2018	Capita to provide by 28/02/2018
2.2	Common Data	Surname.	0	Not included as this data is on record.	N/A	N/A	N/A	N/A	N/A	N/A
2.3	Common Data.	Forename(s) or Initials.	189		Active, Deferred, Pensioner, Beneficiaries.	Review member back files to locate data and update accordingly.	There are 189 records currently under investigation where the initial or forename held may be incomplete or incorrect. These are being reviewed under the Record Keeping Plan.	Scheme administrator to spend 2 months looking for missing data	01/11/2017 to 31/03/2018	Capita to provide by 28/02/2018
2.4	Common Data.	Gender.	0	Not included as this data is on record.	N/A	N/A	N/A	N/A	N/A	N/A
2.5	Common Data.	Date of Birth.	7		Active, Deferred, Pensioner, Beneficiaries.	Review member back files to locate data and update accordingly.	There are 7 records currently under investigation where the DOB recorded may be incorrect. These will be resolved as part of the Record keeping Plan.	Scheme administrator to spend 2 months looking for missing data.	01/11/2017 to 31/03/2018	Capita to provide by 28/02/2018
2.6	Common Data.	Date Pensionable Service Started.	0		N/A	N/A	N/A	N/A	N/A	N/A
2.7	Common Data.	Expected Retirement Date.	0	Not included as this data is on record.	N/A	N/A	N/A	N/A	N/A	N/A
2.8	Common Data.	Last Status Event.	151		Active, Deferred.	Review member back files to locate data and update accordingly.	Capita to review member back files to locate data and update accordingly.	Scheme administrator to spend 2 months looking for missing data.	01/11/2017 to 31/03/2018	Capita to provide by 31/03/2018
2.9	Common Data.	Membership Status.	887		Active, Deferred.	Review member back files to locate data and update accordingly.	Capita to review member back files to locate data and update accordingly.	Scheme administrator to spend 2 months looking for missing data.	01/11/2017 to 31/03/2018	Capita to provide by 31/03/2018
2.10	Common Data.	Address Verification.	2101		Active, Deferred	Commission an outside organization to provide missing addresses.	Commission an outside organisation to provide missing addresses which go to Capita to update their records.	The time it will take for a search company to provide us with the results is unknown but will be added to the data correction plan once known.	01/11/2017 to 31/03/2018	Expected by 31/03/2018
2.11	Common Data.	Postcode Acquisition.	664		Active, Deferred.	Commission an outside organization to provide missing addresses.	These figures represent last known address held. We are reliant on members and employers keeping us updated of any changes. We may hold historic data on scanned images but this is not in an extractable format.	The time it will take for a search company to provide us with the results is unknown but will be added to the data correction plan once known.	01/11/2017 to 31/03/2018	Capita to provide by 28/02/2018

APPENDIX A

Reasons for status
Currently negotiating costs with Capita. Deadline expected is reasonable
Currently negotiating costs with Capita. Deadline expected is reasonable
Currently negotiating costs with Capita. Deadline expected is reasonable.
Currently negotiating costs with Capita. Deadline expected is reasonable.
Currently negotiating costs with Capita. Deadline expected is reasonable.
Finalising data transfer to supplier.
Currently negotiating costs with Capita. Deadline expected is reasonable.

Index	Scheme Data Improvement Plan Activities Timescales Overview	Plan Activities -- Planned Start Date	Plan Activities - Planned Completion Dates	Data Improvement Plan Milestones	Data Improvement Plan Dependencies	Data Improvement Plan Resources	Monitoring	Responsible Parties	Monitoring Method Scheme Improvement Plan	Success criteria	Status
3.1	November 2017 to March 2018 -- Planned timescale to improve scheme common data is 31/03/2018. Brent have commissioned Capita to obtain the common data that we require. Brent have requested Capita to supply details of the addresses for members for whom we do not hold a valid address for. This will be supplied to a specialist tracing organisation to locate the addresses, for the scheme administrator to update member records accordingly. Participating Employers to provide any data as requested, all administration systems to be updated by 31/03/2018 or sooner.	01/11/2017	31/03/2018	November 2017 --Start of implementation of our record keeping plan.	Ongoing issuing of benefits statements.	Separately managed projects, common address project with additional budget and resources, Capita resources.	Record Keeping Plan. To monitor scheme data going forward with improved procedures and planned monitoring.	Scheme Manager supported by the Board, Chief Finance Officer, Head of Finance, Pension Manager.	Index No. 3.1, 3.2, 3.3, 3.4, 3.5. Data improvement monitoring plan to cover all data improvement work, monitored by Scheme Manager and Pension Board, CFO, HOF, Pension Manager for progress and compliance, each stage to be signed off by responsible person (CFO HOF) Index No. 3.2. Replies back from participating employers of their duties and their plan to send missing or incomplete data to our pension scheme administrators. Weekly and Monthly review of the scheme data improvement plan with adhoc meeting with Capita as required.	1. Index 3.1, 3.2, 3.3, 3.4. Completed by 31/03/2018, with all common data obtained. 2. Index 3.1, 3.2, 3.3, 3.4. Administration systems updated by 31/03/2018. 3. Index 3.1, 3.2. Participating Employer provided data by end of January 2016.	1. Ongoing. 2. Ongoing. 3. Ongoing
3.2	January 2018 -- Commissioning tracing from companies that can provide common data, third party administrators Capita to search member records, scheme administrator Capita to obtaining national Insurance numbers, communications sent to participating employers advising them of their legal duties and to provided complete information to our pension administrators by the end of January 2018.	01/11/2017	31/03/2018	November 2017 -- Commissioned scheme administrators Capita to locate missing common data. Commissioned a specialist tracing organisation to locate the addresses, for the scheme administrator Capita to update member records accordingly.	The move to a new pension scheme administrator October 2018	Companies that search for and provide the data required.	Internal meetings as required to review progress of the plan, Capita resources.	Scheme Manager supported by the Board, Chief Finance Officer, Head of Finance, Pension Manager.	Index No. 3.1, 3.2, 3.4. Weekly and Monthly review of the scheme data improvement plan with adhoc meeting with Capita as required.	1. Index 3.1, 3.2, Commissioned tracing 2. Index 3.1,3.2. Capita search records 3. Index 3.1, 3.2. Capita obtain NINO's 4. Index 3.1, 3.2. Communication sent to Participating Employers 5. Index 3.2. Participating Employer send data to Capita	1. Done. 2. Ongoing. 3. Not done. 4. Not done 5. Not done.
3.3	February 2018 -- Scheme administrator Capita to update their system with data provided from the commissioning of missing common data, data found in scheme member records or other sources that they hold or have access to, data from participating employers.	01/01/2018	28/02/2018	Bulk address tracing to begin January 2018. Identify members where we may not have received a leaver notification.	Re enrolment in 2019.		Monthly meeting with scheme administrators to discuss the plan, standing item contract review meeting	Scheme Manager supported by the Board, Chief Finance Officer, Head of Finance, Pension Manager	Index No. 3.1, 3.2, 3.3. Weekly and Monthly review of the scheme data improvement plan with adhoc meeting with Capita as required	1. Capita update systems 2. From Scheme Records 3. From Participating Employer	1. Ongoing. 2. Ongoing. 3. Not done.
3.4	March 2018 -- All data will have been updated, any issues identified to be covered in an updated scheme data improvement plan to deal with these issues.	01/01/2018	31/01/2018	January 2018 -- Letters sent to participating employers advising them of their legal responsibilities and to provide the data requested by our pension administrators in a timely and accurate manner.	Fund Valuation - Tri Annual 31/03/2019.	Pension team at Brent Council.	Internal meeting to review and sign off parts of the plan completed.	Scheme Manager supported by the Board, Chief Finance Officer, Head of Finance, Pension Manager.	Index No. 3.4. Weekly and Monthly review of the scheme data improvement plan with ad hoc meeting with Capita as required.	1. All Data Updated 2. Issued identified that need further action	1. Ongoing 2. Not yet reached. All reviewed weekly and monthly on the monitoring plan.

3.5	April 2018 -- Review scheme data improvement plan for what has been achieved and what further action to be taken if required.	01/02/2018	28/02/2018	Employer "Engagement Day" and "Forum" to cover statutory responsibilities, a presentation from scheme administrators Capita who will be doing a talk on recording keeping.	Ongoing issuing of benefits statements, The move to a new pension scheme administrator October 2018, Re enrolment in 2019, Fund Valuation - Tri Annual 31/03/2019, member communications, online portals.	An addition interim member of staff to cover this period.	Add hoc meeting with Capita as required.	Scheme Manager supported by the Board, Chief Finance Officer, Head of Finance, Pension Manager.	Review progress from outsourced data providers.	1. Review scheme data plan	1. Not yet reached.
3.6	October 2018 - 2020 -- The plan also includes longer term plans facilitated by the move to the new administrators, including self-service and greater use of technology to improve services. It is also intended to engage with employers on a regular basis to ensure compliance with the regulations regarding their data.	01/10/2018	TBC	1. Annual benefit statements for active and deferred's available online 2. Move away from Annual end of year to monthly updates 3. Online access for employers to upload data with automated validation checks. 4. Review and update of Pension Administration Strategy 5. Review of discretionary policies		LPP and Brent pensions administration team from October 2018.	Actions to be built into monthly contract meeting with LPP, ensuring they are captured in Key Performance Indicators.	Scheme Manager supported by the Board, Chief Finance Officer, Head of Finance, Pension Manager.	Review progress with LPP as part of contractual monthly meetings.	1. 100% ABS on time 2. ABS sent out quicker. Opportunity to identify data issues much earlier 3. Self validation to prevent errors 4. PAS strategy reviewed and signed off by the Pensions Board March 2019 5. Annual review of policies	Will be engaging with new third party administrator LPP from October 2018 to deliver these actions.

Guidance for completion of this record keeping form

Under s.16 of the Public Service Pensions Act 2013 scheme managers are required to keep records specified in regulations for their scheme and any connected scheme.

The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 set out the required records, and it is on these Regulations that this form is based. Under these Regulations, the following definitions apply and should be applied in your response:

'*member*' means any active, deferred, pensioner or pension credit member;

'*beneficiary*' means a person, other than a member, who is entitled to the present payment of benefits under a public service pension scheme, i.e. a beneficiary currently in receipt of a pension payment.

Section 1 – Member Information

In respect of each type of information in this section, please confirm as percentages of the total membership (to be included in the first column), broken down by category of active, deferred, pensioner, pension credit member and / or beneficiary:

- the percentage of members and beneficiaries the scheme holds the information for;
- the percentage of members and beneficiaries the scheme does not hold the information for; and
- in respect of any members and beneficiaries the scheme does not hold the information for, the reason(s) for that, including any third party responsibility.

Section 2 – Financial Transactions

In respect of each type of information in this section, please confirm the above where it is applicable to the type of transaction specified, which may or may not be member / beneficiary specific.

In relation to both sections, where space on the form does not allow you to answer any question fully, please use additional pages and make reference to them in your response.

Section 1: Member information	Total membership broken down by membership type	Percentage of each category of member / beneficiary the scheme <u>does</u> hold information for	Percentage of each category of member / beneficiary the scheme <u>does not</u> hold information for	The reason(s) for information <u>not</u> being held in respect of any category
<p>In respect of each member and beneficiary:</p> <p>*Please note: Capita, the Council's pensions administrators hold pensioner, pension credit member, and beneficiary data in one field "Pensioner"</p>				
Name	Active 6,401 Deferred 8,188 Pensioner* 6,499	99.1%	0.9%	<p>There are 189 records currently under investigation where the initial or forename held may be incomplete or incorrect. These are being reviewed under the Record Keeping Plan –Index 2.3.</p> <p>Capita have not supplied a breakdown by member type but this has been requested</p>
Date of birth	Active 6,401 Deferred 8,188 Pensioner* 6,499	99.9%	0.1%	<p>There are 7 records currently under investigation where the DOB recorded may be incorrect. These will resolved as part of the Record Keeping Plan –Index 2.5</p> <p>Capita have not supplied a breakdown by member type but this has been requested</p>
Gender	Active 6,401 Deferred 8,188 Pensioner* 6,499	100%	100%	
Last known postal address	Active 6,401 Deferred 8,188 Pensioner* 6,499	97%	3%	<p>These figures represent last known address held electronically. We are reliant on members and employers keeping us updated of any changes. We may hold historic data on scanned images but this is not in an extractable format. As part of the Record</p>

					Keeping Plan we are contacting employers to provide address for active members. We have commissioned a company to provide details for the missing addresses for deferred members –Index 2.10 & 2.11
Scheme identification number	Active	6,401	100%		
	Deferred	8,188	100%		
	Pensioner*	6,499	100%		
NI number	Active	6,401	99.9%	0.1%	There are 11 records with Temporary NI numbers which are being investigated under the Record Keeping Plan. There are 181 records that are being investigated that may be incomplete or incorrect and these are being investigated as part of the Record Keeping Plan Capita have not supplied a breakdown by member type but this has been requested
	Deferred	8,188			
	Pensioner*	6,499			
Dates of joining and leaving the scheme	Active	6,401	100%		
	Deferred	8,188	100%		
	Pensioner*	6,499	100%		
Pensionable service dates	Active	6,401	100%		
	Deferred	8,188	100%		
	Pensioner*	6,499	100%		
Amount of pensionable earnings in each year of pensionable service	Active	6,401	100%		
	Deferred	8,188	100%		
	Pensioner*	6,499	100%		

In respect of each member's rights / each beneficiary's entitlement (excluding money purchase, injury or compensation benefits):				
Any formula(s) used for calculation	Active	6,401	100%	
	Deferred	8,188	100%	
	Pensioner*	6,499	100%	
Applicable percentage in respect of revaluation	Active	6,401	100%	
	Deferred	8,188	100%	
	Pensioner*	6,499	100%	
Any increase to be applied in each year	Active	6,401	100%	
	Deferred	8,188	100%	
	Pensioner*	6,499	100%	

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In respect of pension credits or debits under s.29 (1) of the Welfare Reform and Pensions Act 1999 (or equivalent):				
Any information relevant to calculating each member's rights under the scheme which are attributable (directly or indirectly) to a pension credit.	Active	6,401	N/A	N/A
	Deferred	8,188	N/A	N/A
	Pensioner*	6,499	100%	
<p>Within the HartLink pension administration system, all pension credit members are identified as a unique member category on the pension administration system (P/X).</p> <p>Calculations are either hard-coded into our systems or, if manual, they are scanned onto the individual records, but neither are in an extractable format.</p> <p>We would expect the scanned images handed over when the service transferred to Capita to include details of any pension credits processed prior to Capita's tenure</p>				

Any information relevant to calculating any reduction in each member's rights under the scheme which are attributable to a pension debit.	Active	6,401	100%		Individual member records are adjusted to show a debit adjustment against a members pension benefits showing the amount of the deduction. Calculations are either hard-coded into our systems or if manual, they are scanned onto the individual records, but neither are in an extractable format.
	Deferred	8,188	100%		
	Pensioner*	6,499	100%		


Section 2: Financial transactions	Total membership broken down by membership type	Percentage of each category of member / beneficiary the scheme <u>does</u> hold information for, where applicable	Percentage of each category of member / beneficiary the scheme <u>does not</u> hold information for, where applicable	The reason(s) for information <u>not</u> being held in respect of any category	
In respect of transactions:					
Payments of any employer contribution or member contribution paid in relation to each active member	Active	6,401	100%	100%	
	Deferred	8,188	N/A	N/A	
	Pensioner*	6,499	N/A	N/A	
Payments of pensions and benefits including the date of the payment	Pensioner*	6,499	100%		
Payments made by, or on behalf of, the scheme manager to any person including the name and address of that person and the reason for that payment			100%		
Any movement or transfer of assets from the scheme to any person including the name and			100%		

address of the person to whom the assets were moved or transferred and the reason for that transaction				
<p>The receipt or payment of money or assets in respect of the transfer of members into or out of the scheme including:</p> <ul style="list-style-type: none"> • the name of that member; • the terms of the transfer; • the name of the scheme into or out of which the member has been transferred; • the date of the transfer; and <p>the date of receipt or payment of money or assets</p>		100%		
<p>Payments made to any member who leaves the scheme, other than on a transfer, including:</p> <ul style="list-style-type: none"> • the name of that member; • the date of leaving; • the member's entitlement at that date; • the method used for calculating any entitlement under the scheme; and • how that entitlement was discharged 		100%		

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Payments made to any employer participating in the scheme	Participating Employer	100%		
Any amount due to the scheme which has been written off in the scheme's accounts		100%		
Any other payment to the scheme including the name and address of the person from whom it is received and, where a payment is made in respect of a member, the name of the member in respect of whom it is made		100%		

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 <p>Brent</p>	<p>Pensions Board 12 March 2018</p>
	<p>Report from the Chief Finance Officer</p>
<p>Update on the Pensions Administration Contract</p>	

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt:	Open
No. of Appendices:	1
Background Papers:	N/A
Contact Officer(s):	Conrad Hall, Chief Finance Officer

1.0 Purpose of the Report

- 1.1 This report provides an update to the Pensions Board on the transition of the Pension Administration contract from the current supplier, Capita, to the new supplier, Local Pensions Partnership (LPP).
- 1.2 The report provides a summary of the high level transition plan and actions required in the run up to the contract handover to LPP.

2.0 Recommendation(s)

- 2.1 That the Board notes the content of this report.

3.0 Detail

- 3.1 In November 2017, following officers' recommendation, Cabinet granted approval to enter into a shared service agreement with LPP for the provision of the pension fund administration.
- 3.2 A number of legal documents have been received from LPP, including a Service Level Agreement, a Non-Disclosure Agreement and a Liability Agreement. These documents are currently being reviewed by the in-house Legal team and are expected to be approved by the end of January 2017. These documents will serve as the binding contracts between the London Borough of Brent (LBB) and LPP.
- 3.3 The General Data Protection Regulation (GDPR) is due to come into effect from May 2018 to strengthen and unify data protection for all individuals within the

European Union. Officers have reviewed the Licence Agreement between LPP and LBB and obtained assurance that there will be compliance with the relevant regulations.

- 3.4 The current contract with Capita is 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.
- 3.5 On 17 January 2018, an Exit Plan meeting took place between LBB, Capita and LPP. This meeting was key to ensuring that the key contacts who would be involved in the transition going forward were formally introduced. The meeting also served as a platform to discuss transition plans and requirements from all parties involved in the project.
- 3.6 A number of action points were agreed at this meeting and officers are monitoring progress through weekly follow up meetings with both LPP and Capita. This is in addition to the on-going monthly performance meetings being held between LBB and Capita.
- 3.7 Aquila Heywood is the software provider of Altair, which is the Local Government Pension admin system used by LPP. Aquila Heywood will therefore be very much involved in the implementation phase of this project to ensure that technical requirements, such as data migration and data mapping, from Capita's administration system successfully transfer to LPP's system.
- 3.8 Appendix A of this report details an Implementation Plan which will be adapted for both suppliers to create a joint plan for all parties involved to ensure a smooth implementation and transition to LPP.
- 3.9 Further reports will be brought to the Pensions Board to provide updates on key milestones within the plan.

4.0 Financial Implications

- 4.1 There are no specific financial implications associated with noting this report.

5.0 Legal Implications

- 5.1 None arising directly from this report

6.0 Equality Implications

- 6.1 None arising directly from this report

7.0 Consultation with Ward Members and Stakeholders

- 7.1 None necessary for this report.

8.0 Human Resources/Property Implications (if appropriate)

- 8.1 None arising directly from this report

Report sign off:

Conrad Hall, Chief Finance Officer

Appendix 1

	Date Cut 1					Deliver										Date Cut 2					Deliver					Date Cut 3					Deliver											
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39			
	08-Jan	15-Jan	22-Jan	29-Jan	05-Feb	12-Feb	19-Feb	26-Feb	05-Mar	12-Mar	19-Mar	26-Mar	02-Apr	09-Apr	16-Apr	23-Apr	30-Apr	07-May	14-May	21-May	28-May	04-Jun	11-Jun	18-Jun	25-Jun	02-Jul	09-Jul	16-Jul	23-Jul	30-Jul	06-Aug	13-Aug	20-Aug	27-Aug	03-Sep	10-Sep	17-Sep	24-Sep	01-Oct	08-Oct		
Project Initiation																																										
Early Project Scope / Estimate																																										
Initial Phone Calls																																										
Book Resources																																										
Implementation Study																																										
Data Analysis																																										
Technical Study																																										
Governance																																										
Project Management																																										
Lead Consultancy																																										
Calculation Consultancy																																										
Technical Consultancy																																										
Post Project Review Meeting																																										
Post Project Review Meeting																																										
Environment Setup																																										
Create empty database schemas																																										
Install new Altair conversion service / or upgrade existing																																										
Refresh with data copy from site (need for up to date parameters)																																										
Data Supply																																										
Upload Data																																										
Reformat and Check Data																																										
Load Data																																										
Load Data																																										
Admin Data Migration Program Development																																										
Create Mapping Spreadsheet																																										
Data Migration Specification/QA																																										
Data Migration Specification/QA																																										
Code Mapping Rules																																										
Admin Data Conversions																																										
Run Data Conversion																																										
Check Data Conversion																																										
Modify Conversion Routines																																										
Modify Conversion Routines																																										
Re-run Data Conversion																																										
Reconcile Data Conversion																																										
Image Migration																																										
Format index Files																																										
Load Data																																										
Data Deliveries																																										
Extract Data (admin, payroll, images)																																										
Data Mappings																																										
Merge to Test at Client																																										
Merge to Live at Client																																										

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