



MINUTES OF THE PENSION BOARD Thursday 22 July 2021 at 6.00 pm

PRESENT: Mr David Ewart (Chair), Councillor and Councillors Kabir, Ms George, Bala and Wheeler

Also Present: Councillors

Apologies were received from: Councillors

1. **Apologies for absence**

Apologies for absence were received from Councillor Crane.

2. **Declarations of interests**

Councillor Kabir declared a personal interest in Agenda Item 12 (Brent Pension Fund Draft Accounts 2020-21) as a Trustee of the Compass Learning Partnership who were one of the employer organisations listed as active members of the Fund under Scheduled Bodies.

3. **Minutes of the previous meeting**

The minutes of the previous meeting held on 23rd March 2021 were agreed as an accurate record.

4. **Matters arising (if any)**

5. **Chair's Annual Report**

The Chair presented his Annual Report to the Board for 2020/21, providing a summary of the work carried out by the Council's Pension Board during the 2020/21 municipal year.

The members of the Board and officers involved were thanked for their work and support. In addition to the reports and regular updates being provided it was also noted that the Board had continued to receive regular training and briefings on key elements on the Pension Administration Strategy and Fund which had also been important in guiding their operation over the year. Members felt it would also be useful to detail the training provided within future reports.

As no further issues were raised the Board **RESOLVED** to note and endorse the Annual Report.

6. **Pensions Administration Update**

Mr Saagar Raithatha (Brent Council - Senior Finance Analyst) introduced the report updating the Pension Board on various pension administration matters as part of its remit to oversee the administration of the Brent Pension Fund.

In considering the report, the Board noted:

- The Pension Administration performance update, as detailed within section 3 of the report.
- The Annual Benefit Statement (ABS) update, as detailed within section 4 of the report. As part of the update members were advised that the statement provided a breakdown of pension benefits for all eligible, active and deferred members, with a deadline for being issued of 31st August each year. Scheme employers were required to submit an end of year return in order to enable the ABS to be produced, with any delay in submission creating a risk to the ABS being issued within the deadline. Members were updated that following publication of the report, three employers were still to submit their end of year return with the Fund and LPP continuing to closely monitor the position and work with the employers to ensure submission of their returns within the necessary deadline. Of those outstanding one was awaiting clarification on minor data queries and it was expected that the other submissions would be submitted shortly, with officers maintaining engagement to ensure the final deadline was met. Members noted that the initial deadline for submission of the employer submissions had been 30 April 2021 and whilst noting the ongoing work to secure the final submissions, they were also concerned at the impact of these delays.
- The Local Pension Partnership Administration (LPP) business update, as detailed within section 5 of the report.

John Crowhurst (Operations Director, LPP) then provided the Board with a presentation outlining key business and performance updates within the LPP Quarterly & Annual Brent Pension Fund Administration Report. Key issues highlighted were as follows:

Referring firstly to the Quarterly Administration report, members were advised this covered the period from January 21- March 21. It was noted that performance overall had been good with the majority of SLAs being met. Whilst noting that performance in relation to the retirements SLA had fallen below target, the Board were assured that this did not materially affect any payments being made. Another area of performance identified related to the average waiting time to contact the helpdesk. The Board noted that this was related to the increase in calls about bereavements and retirements during the pandemic with access to that part of the helpdesk prioritised, which had an impact on performance in other areas. Members were advised of the service improvements which had been introduced in order to address this issue and the positive impact these would be expected to have in terms of restoring performance.

Members also noted and welcomed the Pension Regulator scorecard achieved in relation to the accuracy of common and conditional data relating to scheme records, which had shown a significant improvement from the previous quarter.

Moving on to the Service Improvement Plan, the Board's attention was drawn to the work scheduled to change how retirements were prioritised in order to improve the

time to payment, including the work done to make that process more efficient through support and training. Other initiatives highlighted included the launch of member video guides and educational videos along with progress on the Guaranteed Minimum Pension reconciliation project designed to review and address any discrepancies between HMRC's and Brent's data.

In addition, the Board was also provided with an update on the change in software supplier for the LPP pension administration system, with the current system due to be replaced by Civica's Universal Pensions Management system. Members were advised of the measures being taken to ensure no disruption in the day to day performance of the system, which was expected to go live in September 2022, with the Board keen to ensure that the data transfer process was also managed securely and accurately in order to maintain integrity. It was noted that further updates would continue to be provided for the Board as the project progressed and in order to provide assurance on the transfer of the administrative systems and data.

Members were then invited to ask questions, with the issues raised summarised below:

- In response to a question regarding how staff on the helpdesk were coping in light of the additional bereavement calls, the Board were advised that it had been a busy and challenging period for the help desk. Measures taken to alleviate the pressure had included the recruitment of a number of newly trained staff into the business, which had been supported by a programme of staff engagement and wellbeing surveys and this had generated a positive response.
- In response to a query regarding data migration, the Board were advised of the measures in place to ensure that the quality of data was maintained and its migration was undertaken securely, with further assurance to be provided as part of the ongoing migration and data cleanse process.
- It was asked what advice was available to scheme members seeking further details on retirement and the links with the Council's HR department. In response the Board was advised of the support available through LPP in terms of the provision of retirement advice and guidance co-ordinated through their engagement officers.
- Details were also sought on the availability of any benchmarking data in relation to the Pension Regulator scores on the accuracy of common and conditional data. Whilst comparator scores were currently not published, the Board were advised of the most common challenges faced including deferred addresses and missing leaver forms.

As there were no further questions from Members, the Chair thanked John Crowhurst and officers for the update and it was **RESOLVED** that the report be noted

7. Revised Brent Pension Fund Pensions Administration Strategy

Ravinder Jassar (Deputy Director of Finance) introduced the report, presenting the revised Pensions Administration Strategy for the Brent Pension Fund.

In considering the report, the Board noted that the revised strategy was part of an ongoing review of all policies, procedures and guidance for the pension fund and set out the performance standards towards providing a high quality, effective and efficient pensions administration service. It aimed to ensure the fund and employers were fully aware of their responsibilities and acceptable levels of performance.

Subject to approval of the Strategy, the next stage would involve consultation with employers, including the use of an Employers Forum. The Chair invited the Board to send any comments they had about the strategy via email.

In terms of comments raised, the Board was advised that the revised wording in relation to the recovery of additional costs from employers incurred as a result of performance issues relating to their responsibilities reflected the position established by the Pension Regulator. It was, however, noted that charging would be only be used as a last resort, with the administering authority seeking to engage at the earliest opportunity with employers in order to identify and address performance concerns and in order to provide the necessary training and support. It was confirmed that the greater clarity in the Strategy around these charges was not a reflection of any increase in perceived levels of risk.

The Board noted that the last update of the Strategy was undertaken in 2018 and it was therefore now felt to be the appropriate time to undertake a further update in order to reflect relevant changes within the LGPS and the revisions which had been made, as detailed within section 4 of the report, as well as provide further clarification on employer responsibilities.

The Board welcomed the report and as no further issues were raised it was **RESOLVED:**

- (1) To note the revised Pension Fund Administration Strategy, as detailed within Appendix 1 of the report.
- (2) To approve consultation on the revised Strategy with employers in the Brent Pension Fund.

8. **LGPS Update**

Sawan Shah (Brent Council - Senior Finance Analyst) presented the LGPS report, updating the Board on recent developments within the LGPS regulatory environment and any recent consultations issued by the Ministry of Housing, Communities and Local Government (MHCLG) with a significant impact on the Fund.

In considering the report the Board noted:

- The update provided in relation to the Pension Regulator's consultation on the first phase of a new Code of Practice, which aimed to bring together the existing codes, including incorporation of the changes introduced as a result of the Occupational Pension Scheme Regulations 2018 and removal of codes which were outdated and did not reflect current expectations as well as

- addressing areas of duplication or inconsistencies. A final version of the code was currently awaited prior to review for implementation within Brent.
- The update provided by the Scheme Advisory Board (SAB) in England and Wales on LGPS mortality data to the end of March 2021, which had reflected the impact of the COVID-19 pandemic both across age groups and regions.
 - The publication of the outcome from the Pension Regulator Public Service Pension Scheme (PSPS) Governance & Administration Survey 2020-21, which members were advised had included new questions relating to the response on the COVID-19 pandemic, awareness and perceptions of the pensions dashboard and action being taken by Local Government Pension Schemes in relation to climate related risks and opportunities. The survey outcome had identified improvements in risk management processes, cyber controls and the proportion of members receiving their annual benefit statement on time with the most significant risk identified as implementing the McCloud remedy. Full details of the survey had been included within Appendix 2 of the report.

Having introduced the report, questions were invited from Members, with the following issues raised:

- Further details were sought on the update provided in relation to the Government's new requirement regarding the provision of data on exit payments. The Board was advised that the Council had been requested to provide data on all redundancy payments, pension strain payments and other special payments made in consequence of an exit from 2014/15 – 2020/21. Whilst recognising the effort required to produce this data the Board were advised that the necessary information had been submitted by the Fund within the required deadline and the issue reflected within the Fund Risk Register

As no further issues were raised the Chair thanked officers for the update and the Board **RESOLVED** to note the LGPS update and recent developments identified.

9. Pension Fund Risk Register

Flora Osiyemi (Brent Council - Head of Finance) presented a report updating the Board on the Risk Register for the Brent Pension Fund Pensions Administration Service. The update highlighted the new risks and key changes to classifications of risks as set out in the appendices to the report, with the Board noting the following changes

- Exit Pay Reform – the Register had been updated to include the planned changes to the way redundancy benefits would be carried out for members aged 55 and over as a risk under Funding & Accounting.
- The other two key changes had related to the annual benefits statement (Item 6.2) to reflect the annual process in submission of end of year returns from employers and the Fund and Draft Annual Accounts (Item 9.5) to reflect the publishing of the Fund Draft Annual Accounts.

The Board was then invited to comment on the revised Risk Register, with the following issues raised:

- Following on from their consideration of the LGPS Update, Members noted that the risk identified in relation to transfer of the LPP Administration System to a new supplier had been captured as item 5.6 within the register.
- Members suggestion that future updates include the date of the previous review so it would be possible to identify any priority areas for consideration and focus.

As no further issues were raised the Chair thanked officers for the update and the Board **RESOLVED** to note the report and Risk Register, including the key changes set out within section 3.5 of the report.

10. **London Borough of Brent Pension Fund - Q1 2021 Investment Monitoring Report**

The Board received the Brent Pension Fund Q1 2021 Investment Monitoring Report. It was reported that the monitoring report had been considered in detail by the Brent Pension Fund Sub Committee on 24 June 2021 who had noted the key issues as set out in the report.

Members welcomed the report and with no further issues raised it was **RESOLVED** to note the investment monitoring report for Quarter 1 (2021)

11. **London Borough of Brent Pension Fund - Funding Issues Update**

The Board received a report from Hymans Robertson providing an update on funding issues which had arisen in relation to the Brent Pension Fund since the formal valuation and key issues for the remainder of the Fund year 2021-22. It was reported that the update had been considered in detail by the Brent Pension Fund Sub Committee on 24 June 2021 who had noted the key issues as set out in the report.

Members welcomed the report and with no further issues raised, it was **RESOLVED** to note the report and funding issues highlighted.

12. **Brent Pension Fund: Draft Annual Accounts 2020-21**

The Board received a report from the Director of Finance presenting the draft Pension Fund Annual Accounts for the year ended 31 March 2021 and the draft Investment Strategy Statement (ISS). It was reported that the draft accounts and Investment Strategy had been considered in detail by the Brent Pension Fund Sub Committee on 24 June 2021

Having noted that the draft accounts were currently in the process of being audited clarification was also provided, in response to a query on the Funds positive cash flow position and investment strategy, regarding progress on investment in low carbon equities holdings and other significant capital commitments.

As no further issues were raised it was **RESOLVED** to note and endorse the draft annual accounts for the year end 31 March 2021 and draft Investment Strategy Statement.:

13. **Actuarial Services Procurement**

The Board received a report from the Director of Finance detailing the proposed procurement process to be adopted in relation to the contract for actuarial advice, when the current contract expired on 30 September 2021. It was noted that the procurement process had been considered in detail by the Brent Pension Fund Sub Committee on 24 June 2021

Members welcomed the report and with no further issues raised, it was **RESOLVED** to note and endorse the recommendation granting delegated authority to the Director of Finance to appoint a provider for actuarial services to the Fund, following a procurement process to be carried out by officers.

14. **Local Authority Pension Fund Forum (LAPFF) Engagement Report**

The Board received a report from the Director of Finance providing an update on the engagement activity undertaken by LAPFF (the Local Authority Pension Fund Forum) on behalf of the Fund. It was noted that the engagement report had been considered in detail by the Brent Pension Fund Sub Committee on 24 June 2021 and with no further issues raised it was **RESOLVED** to note the :LAPFF engagement report.

15. **Any other urgent business**

The Board were provided with an update on the progress in seeking to fill the current membership vacancy for an employer (Non Brent Council) representative. Expressions of interest had been invited and a selection process was currently underway, the outcome of which would be reported to the Council's General Purposes Committee for a final appointment to be confirmed.

The Chair also advised members that that this would be Saagar Raithatha's (Senior Finance Analyst) final meeting of the Pension Board as he would be moving on to take up a new position. The Chair, on behalf of the Board, thanked Saagar for his support and wished him success in his new role.

16. **Date of next meeting**

NOTED that dates scheduled for future meetings of the Pension Board, which were as follows:

- Tuesday 2 November 2021 at 6pm (to be held as an online meeting)
- Monday 24 March 2022 at 6pm (to be held as an online meeting)

17. **Exclusion of Press and Public**

At this stage in proceedings the Board **RESOLVED** that the press and public be excluded from the remainder of the meeting as the reports and appendices to be considered contained the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Access to Information Act 1972, namely:

“Information relating to the financial or business affairs of any particular person (including the Authority holding that information).”

Having passed the above resolution the live webcast was ended at this stage of the meeting.

18. **Deferred Debt Arrangement**

The Board received a report advising of an organisation who had informed the Fund of their intention to stop future accrual into the Pension Fund. It was noted that the report had been considered in detail by the Brent Pension Fund Sub Committee on 24 June 2021 who in considering the report had been advised of:

- The background to the financial position involving the organisation and their current membership of the Fund.
- The discussions which had been undertaken with the organisation on the available options in terms of a way forward and key issues that would need to be considered in determining the nature of any legal agreement between them and the Fund.
- The discussion and active involvement of the Fund Actuary (Hymans Robertson) regarding the position and proposed agreement to be entered into with the organisation.
- The assurance provided that the existing accrued benefits for members would be unaffected and, subject to approval of the agreement, those current active members of the organisation would cease contributing to the LGPS and stop accumulating further LGPS benefits.

In considering the report, the Board were keen to ensure that any issues in terms of ongoing risk to the Fund or involving other member organisations in similar positions were identified at as early a stage as possible. Further details were provided in relation to the action taken to address the organisations position in the Fund and arrangements were included within the proposed legal agreement to provide an acceptable form of security within a defined period of time, which would provide a positive way forward for both the Fund (in order to mitigate any risks) and to the organisation.

Having noted the advice provided the Board **RESOLVED** to note and endorse the decision made by the Brent Pension Fund Sub Committee to

- (1) note the content of the report and funding position identified in relation to the organisation identified within the report.
- (2) approve entry into a Deferred Debt Agreement (DDA) with the organisation identified within the report.
- (3) delegate authority to the Director of Finance to finalise the terms of the DDA agreement with the organisation identified within the report.

19. **London CIV Investment Update**

The Board received a report providing an update on LCIV performance since inception and each fund manager's performance for the funds provided by LCIV. The main areas covered within the presentation were in relation to pooled

investment arrangements, investment performance, staffing and organisation updates (including the appointment of a new Investment Manager & Senior Portfolio Manager - Equities), changes proposed to the LCIV MAC Fund and other LCIV fund launches within the pipeline. It was noted that the update report had been considered in detail by the Brent Pension Fund Sub Committee on 24 June 2021.

In considering the report the Board were keen to ensure regular engagement and monitoring continued in relation to performance of the LCIV and with no further issues raised it was **RESOLVED** to note the investment update provided by London CIV

The meeting closed at Time Not Specified

MR. D EWART
Chair