



MINUTES OF THE PENSION BOARD Tuesday 2 November 2021 at 6.00 pm

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

Also Present: Councillors

Apologies were received from: Councillors

1. Apologies for absence

None.

2. Declarations of interests

None declared.

3. Minutes of the previous meeting

The minutes of the previous meeting held on Thursday 22nd July 2021 were agreed as an accurate record.

4. Matters arising (if any)

5. Pensions Administration Update

Sawan Shah (Brent Council - Senior Finance Analyst) introduced the report updating the Pension Board on various pensions 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 for the period April – June 2021, as detailed within section 3 and Appendix 1 of the report.
- The update provided on Helpdesk call performance. Whilst performance had improved through the quarter the average wait times were above target in April and May, largely due to a significant increase in retirement and bereavement cases resulting in higher call volumes. Performance had improved in June with the Fund working with LPP to review the performance issues experienced in more detail.
- The number of complaints remained low, with a total of six new cases received during the quarter.
- The Pension Regulator scores achieved in regards to the accuracy of common and conditional data held within scheme records. As at June 21

common data had a total accuracy rate of 95.1% (compared to 95.4% in March 21) whilst conditional data had a rate of 82.5% (compared with 81.7% in March 21) which represented an ongoing improvement.

- In relation to the Annual Benefits Statement, it was noted that this had been issued to all active and deferred members by 31st August 2021. Whilst there had been a small number of records where it had not been possible to resolve queries from year end returns on time resulting in it not being possible to produce an Annual Benefit Statement these cases were being actively monitored by LPP and once resolved An ABS would be issued. The Board recognised the work undertaken by LPP with employers to ensure the necessary year end returns had been submitted along with the project to clear historical unprocessed leavers. Based on the actions being taken no material breach had been identified in relation to the ABS requirements.
- The update provided on the data cleanse project (as detailed within section 5 of the report) relating to outstanding leaver queries. Under Phase 2 of the project out of the 1,385 cases included within the scope 1,033 had been completed with 352 outstanding. This Phase of the project was scheduled to be completed by the end of November 21.
- The updated provided on the Guaranteed Minimum Pensions (GMP) reconciliation project, as detailed in section 6 of the report. Members noted the project had been established to review the final data output from HMRC in relation to the GMP reconciliation process and ensure that appropriate corrective action was taken in relation to active, deferred and pensioner records. The total number of cases within the scope of the project was 1,448 with 1,082 having now been completed.

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 April – June 21, with additional updates provided from Quarter 2 which had not been published with the agenda pack. The Board noted the detailed performance updates provided in relation to Fund Membership and high level of engagement in the Leavers and Data Cleanse projects. In addition a detailed breakdown was provided in relation to casework performance against the Service Level Agreement and overall performance standards along with the ongoing levels of casework at the end of the reporting quarter and in relation to processing of retirement cases.

Moving on to help desk performance, it was noted that the normal help desk provision had been out of service for part of Quarter 1 due to the prioritisation of calls and cases relating to bereavements calls which had resulted in a longer wait time for other queries. The service had subsequently restructured the way calls were dealt with and referred and it was confirmed that the performance had subsequently improved during Quarter 2. The Board noted the ongoing strong performance in relation to customer satisfaction scores relating to both the helpdesk and retirements along with progress in relation to registration for the My Pension Online service which had continued to increase throughout Quarters 1 and 2. Having already noted the updated provided in relation to the accuracy of data held by the Fund John Crowhurst ended his initial update by highlighting the service

improvements which had been delivered which included improvements to a number of web forms and information available on the My Online Pension Portal, introduction of a number of self-service videos, improvements to the triage process for retirement forms and signing up to the Pension Regulator scams pledge. In terms of scheduled improvements these included development of an enhanced member survey and a review of the welcome programme.

Members were then invited to ask questions on the update provided, which are summarised below:

- Further details were sought on the reduction in accuracy of common data identified during the current performance monitoring period. In response members were advised this mainly related to addresses that had not been provided for deferred members with further tracing activity work having been commissioned in an attempt to gather the required data from deferred members.
- Clarification was sought on the reported increase in refunds relating to outstanding cases on which members were advised an update would be provided following further investigation after the meeting.
- In terms of issues being caused in relation to the provision of Annual Benefit Statements as a result of the timeliness of returns being provided by scheme employers further details were sought on what more could be done to address the issue. In response the Board was advised of the important work already being undertaken to engage with scheme employers on this issue involving a three way process between Council Officers, the LPP and scheme employers. Whilst a number of employers had missed the deadline extensive engagement had been undertaken to ensure that all returns were eventually provided with the Board noting the particular challenges faced in some areas as an impact of the pandemic. This activity would continue moving forward with increased importance given the upcoming Fund valuation. Whilst it had not been possible, during the pandemic to offer the usual level of engagement and training activity for scheme employers a programme of more targeted engagement had now been developed focussed around sectors with LPP also providing an engagement officer dedicated to supporting scheme employers within the Fund, and the learning from the last few years having demonstrated that targeted engagement campaigns were crucial in establishing compliance. Members were asked to note that Brent Officers had been invited to be part of a pilot scheme to increase support to employers from the Fund, with a view to having a quicker processing of Annual Benefit Statements in the next calendar year.
- Following on from the previous issue, members were advised that scheme managers did have power to take action against scheme employers who did not comply with their statutory and legal obligations in relation to the Fund. Whilst this power had been included within Brent's Pension Administration Strategy it had not been used (and would only be as a last resort) with a preference for engagement and training to ensure the necessary returns were provided. Members advised that they were supportive of the approach outlined in terms of more targeted support and engagement and were also reassured that no material breaches had needed to be reported to the Pension Regulator having noted the basis of the considerations set out in section 4.7 of the report

- Confirmation was provided regarding engagement with the Brent School Improvements Team in addressing issues with the provision of returns from schools as scheme employers with the main issue identified in relation to their payroll providers, many of which had been outsourced by schools and academies.
- In relation to the data cleanse project, details were sought on the nature of the outstanding cases. In response, confirmation was provided that these were the more complex cases with Phase 2 of the data cleanse project now focussed on clearing these remaining cases, to ensure that the Fund was starting from an even stronger position next year.

John Crowhurst then provided the Board with an update regarding Project PACE. Members were reminded this related to the introduction of a new pension administration system known as Universal Pensions Management (UPM) which would replace the current core five systems through which the various aspect of the Fund were currently administered. Following a procurement process Civica had been selected as the new system supplier for the Fund. The implementation stage of the project was now approaching, with Brent due to go live in the second phase of the project, which would be during September/October 2022. Recognising data migration as a key risk, the Board was advised of the measures introduced to manage the process which included a series of data cuts before the 'go live' date to ensure that data was migrated effectively. In terms of business readiness, it was noted that there would be changes for all stakeholders, and it meant that LPP would be working across two systems temporarily. Work was, however, being prioritised to ensure service delivery issues were mitigated and to review the helpdesk structure as the new Portal was launched.

In terms of issues raised the Board noted the training and engagement being developed for scheme employers on the new system, which it was confirmed would also include payroll providers where that service had been outsourced by scheme employers. The Board noted that regular updates continued to be provided with key activity over the current quarter having been detailed in section 7.2 of the report and the full updated risk log provided by LPP in relation to the project having been attached as Appendix C to the report.

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 with a further update on progress with Project PACE to be provided for the next meeting.

6. **LGPS Update**

Rubia Jalil (Brent Council - Senior Finance Analyst) presented an update to the Pension Board on recent developments within the Local Government Pension Scheme (LGPS) regulatory environment and any recent consultations issued which would have a significant impact on the Fund.

In considering the report, the Board noted:

- The update issued by the Pensions Regulator in relation to its automatic enrolment guidance.

- The update and advice which had been provided for administering authorities by the Local Government Association (LGA) in September 2021 regarding death grant distribution and the information that would need to be provided to those in receipt or whose rights or liabilities were affected by a decision relating to the payment of grant, as detailed within section 3.2 – 3.7 of the report.
- The update provided in relation to further discussions between the LGPS Scheme Advisory Board and Government regarding the remedy and cost management process arising from the impact of the McCloud case.
- In relation to exit payments, the Board were updated that MHCLG had published a summary of exit payments in July 2021 covering 2019/20 and 2020/21. The results had shown the average exit payment across Local Authorities in 2021 s £26k. The Board also noted proposals currently being consulted upon to increase the minimum pension age from 55 to 57, which would take effect from 2028. This would not include those who were retiring due to ill health, as well as workers in the police, fire service and armed forces.

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

- In response to a request for further details about what had prompted the LGA to seek advice regarding death grant payments members were advised this would need to be shared once clarified.

The Board welcomed the report and as no further issues were raised it was **RESOLVED** to note the report and recent developments in the LGPS.

7. Risk Register

Sawan Shah (Brent Council - Senior Finance Analyst) presented a report updating the Board on the Risk Register for the Brent Pension Fund Pensions Administration Service.

In considering the report, the Board noted that whilst several minor adjustments had been made to the Risk Register since the previous update to ensure accuracy there were no major changes in terms of new risks or changes in classifications to report.

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

- In terms of the move to the new pension administration system clarification was sought on how the issue raised earlier in the meeting relating to data migration had been captured as a risk. In response confirmation was provided that the transfer of the LPP pension administration system had been included within the risk register which included a number of broad risks including the transfer of scheme. In response to the issue highlighted, Members were advised that more specific reference to the data migration process could also be included within the main risk category index.
- In terms of the inclusion of risks related to cyber security, the Board was advised that this had also been included within the risk register with the

highest risk score allocated given the potential impact of any data breach or attack. The Fund was operating under the Council's cyber security strategy which (along with LPPs policy) would be subject to review by the Council's Internal Audit function and which it was noted would be subject to further revision and update towards the end of the year/start of 2022 which had been designed to improve security metrics and prevent cyber-attacks.

The Board welcomed the report and as no further issues were raised it was **RESOLVED** to note the report and Risk Register as set out in Appendix 1 of the report.

8. **London Borough of Brent Pension Fund- Q2 2021 Investment Monitoring Report**

The Board received the Brent Pension Fund Q2 2021 Investment Monitoring Report. It was reported that the monitoring report had been considered in detail by the Brent Pension Fund Sub Committee on 5 October 2021 who had noted the key issues as set out in the report.

Members welcomed the report along with the increase in the value of the Fund and with no further issues raised it was **RESOLVED** to note the investment monitoring report for Quarter 2 (2021)

9. **Brent Pension Fund- Annual Report and Accounts 2020/2021**

The Board received the Brent Pension Fund Annual Report and Accounts 2020/21. It was reported that the report had been considered in detail by the Brent Pension Fund Sub Committee on 5 October 2021 who had noted the current position and progress made in finalising the Brent Pension Fund Accounts 2020/21 along with the audit findings as set out in the report.

The Board noted that since publication of report the Pension Fund Accounts had been finalised with an unqualified opinion issued by Grant Thornton, as external auditor. The Chair supported by the Board took the opportunity to thank the Finance Team and Grant Thornton for their efforts in completing the Accounts and audit process within deadline, which Brent had been one of the first local authorities to achieve.

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

10. **Property Allocation Report**

The Board received the report providing an overview of the Fund's strategic allocation to property, an introduction to the UK property market and summary of a potential property funds in terms of investment opportunities and option. It was reported that the report had been considered in detail by the Brent Pension Fund Sub Committee on 5 October 2021 who in considering the approach and assessment of potential investment opportunities identified by the Funds

Investment Advisors (Hymans Robertson) (as set out within the exempt appendix to the report) had approved the proposed investment strategy set out in the report.

In response to the update provided the following comments and issues were raised by Board Members:

- Details were sought on the overall level of Fund's investment performance and how this compared against the performance of other comparable Funds. In response the Board were advised an overview would be provided within the Fund's Annual Report however it was noted that performance had improved the value of the Fund having increased against the benchmark which had been set and strong rates of return continuing to be delivered. Whilst the performance on some investments remained below target these were in the process of being scaled back with the aim to scale up the proportion of investment held with other providers such as the London CIV and strategic property investments.
- Whilst noting the current lack of property investment options available through the London CIV, the Board were advised this route remained the Funds preferred approach. Given the London CIV pool had not (to date) made property funds available and with no current plans to do so, alternative investment options had therefore needed to be explored. The initial approach identified by Hymans Robertson had therefore been detailed in the report starting with a 3% allocation (approx. £30m in value) which could then be topped up in future years. It was felt this would allow the Fund time to assess performance and allocate future funds to the best opportunities in the property market as they became available.

Members welcomed the report and with no further issues raised, it was **RESOLVED** to note the overall approach and investment option which had been agreed by the Brent Pension Fund Sub Committee

11. **Any other urgent business**

None.

12. **Date of next meeting**

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

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

13. **Exclusion of Press and Public**

At this stage in proceedings the Board **RESOLVED** that the press and public will 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.

Councillor Crane also advised he would need to leave at this stage of the meeting.

14. **Net Zero Transition Roadmap**

The Board received a report which presented a detailed framework setting out the practical steps to transition to net zero and to top-up the allocation to the Fund's existing low carbon global equity mandate. It was reported that the report had been considered in detail by the Brent Pension Fund Sub Committee on 5 October 2021 who had noted the Net Zero Transition Roadmap prepared by the Funds Investment Advisors (Hymans Robertson) and had been attached (as an exempt part of the report) at Appendix A. The Framework set out a series of proposed steps for the Fund to consider over the short, medium and longer term in the context of setting and achieving net zero with the Sub Committee having noted the importance in being able to evolve the Fund's investment strategy in order to take account of the opportunities and risks presented by climate change, in relation to its responsible investment approach and progress made to date.

In considering the report the Board noted the five key areas priority areas within the Framework to drive forward the strategy, which were identified as education, understanding the baseline, evaluating alignment and setting targets, planning and implementation actions and monitoring and ongoing reporting along with the short and medium term roadmap for each key area and potential targets (both long term and interim) and outline/assessment provided of potential equity funds. In terms of current asset allocation, the Fund was already in the process of making an initial 3% investment from cash to BlackRock's Low Carbon Fund which had been agreed as part of the previous year's core equality allocation. This had been seen by the Sub Committee as a positive initial step towards the responsible investment strategy with the intention on increasing the proportion of equity holdings in ESG mandates over time. As part of this approach and in line with the Funds net zero aspirations a growth structure review had been planned for 2022 aimed at reviewing and potentially restructuring the Fund's developed market equity holdings in line with the agreed net zero targets. Ahead of the formal review, however, the Sub Committee (as part of the overall Framework being developed) had approved a further increase of 3% (as recommended) in the allocation to the BlackRock Low Carbon Fund.

Members welcomed the report and approach outlined in terms of the Roadmap and with no further issues raised, it was **RESOLVED** to note the report and investment strategy agreed by the Brent Pension Fund Sub Committee.

15. **Employer Risk and Admission Agreements**

The Board received a report which provided an update on employer risk to the Brent Pension Fund along with the current position on admission agreements. It was reported that the report had been considered in detail by the Brent Pension Fund Sub Committee on 5 October 2021 who had noted the detailed approach towards the management and mitigation of employer risk and efforts being made to address risks and issues identified in relation to specific employers on a case by

case basis. In addition the Sub Committee had noted the background and update provided in relation to admission agreements along with the summary of current outstanding agreements and terminations relating to the Fund, as detailed in Appendix 1 of the report and action being taken to resolve and progress those outstanding to completion.

Members welcomed the report and with no additional risks having been highlighted it was **RESOLVED** to note the report.

16. **London CIV Update**

The Board received the latest update report from the London CIV (LCIV). The update included the LCIV investment review for the period ending 30 June 2021 (as detailed within Appendix 1 of the report) which provided an investment summary with valuation and performance data for Brent's ACS holdings along with a market and LCIV activities update. Also included (as detailed within Appendix 2 of the report) was the LCIV quarterly investment review for Private Markets for the period ending 31 March 2021, which included Brent's investments in the LCIV infrastructure fund along with valuation and performance data for the underlying portfolio investments and an update on pipeline investments.

The Sub Committee noted the LCIV net target emissions target with the commitment to achieve net zero by 2040.

With no issues raised in relation to the update provided, the Board **RESOLVED** to note the investment update provided by London CIV.

The meeting closed at Time Not Specified

MR. D EWART
Chair