



## **MINUTES OF THE PENSION BOARD**

### **Thursday 24 March 2022 at 6.00 pm**

PRESENT: Mr David Ewart (Chair), Councillor and Councillors Crane, Kabir, 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 2<sup>nd</sup> November 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 October – December 2021, as detailed within Appendix 1 of the report.
- The percentage of cases processed on time had remained high with a quarterly average of 99.1%. This was above the 98% target.
- An update was then provided to the Board regarding Helpdesk call performance. The Fund had improved performance in its wait times through the quarter with performance of 3 minutes 59 seconds in October, 3 minutes 29 seconds in November and 3 minute 14 seconds in December. All three months were at or below the target time of 4 minutes.
- The number of complaints remained low, and the Fund's data scores improved over the period.

- In relation to the data cleanse project carried out by the Fund, Members were reminded that the Fund had previously commissioned a separate project to review and resolve outstanding leaver queries. Additionally, the work commissioned regarding the Guaranteed Minimum Pensions (GMP) reconciliations projected was also highlighted, with the Board updated that both work streams were now coming to a close. The data cleanse project was concluded on 22 February 2022, with 88% of cases within its scope being completed. The remainder of cases would be completed as part of the year end process. At the closure of the GMP project on 03 February 2022, all 1,448 cases had been reviewed and actioned with remedial action taken where required.
- The Board then received an update on the re-enrolment process. Members were notified that every three years every employer had a duty to assess and reenrol staff who had left workplace pension schemes. The intention of this process was to ensure staff were aware that when they opted out of the scheme, they were potentially losing out on benefits in retirement, as well as ensuring automatic enrolment onto the scheme. A full breakdown of the statistics on reenrolment was provided in section 7.5 of the report.
- The Board were provided with an update on the LGPS bulletins issued since the last Pension Board meeting, which had been included as appendices to the report. The Board's attention was drawn to a Government white paper, which had suggested that there was an intention for 5% of LGPS assets to be invested in local projects. Further detail was being sought as to what this would mean in practice.
- Members noted that the minimum pension age would increase from 55 to 57, effective from 2028.

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 October – December 21, which had been published with the agenda pack. The Board noted the detailed performance updates provided in relation to the Leavers and Data Cleanse projects. In addition, it was updated that the total number of ongoing cases in the workflow systems had reduced significantly during the quarter, from 1110 to 150 cases. Historical cases were aiming to be addressed in preparation for the migration over to the new Pensions Administration system.

Moving on to help desk performance, it was noted that the satisfaction scores from people interacting with the help desk were generally above the 85% target. There had also been a steady increase in the number of Members who had registered for the My Pension Online service, an increase from 3240 to 3383. Moving on to discuss the data scores, it was highlighted that the common data score stood at 95.6%, compared to January 2020 when it was 94%. The majority of data errors were due to deferred members, with whom contact had been lost. Work was ongoing to attempt to trace these members and ensure they were registered with My Pension Online. Moving on to the conditional data score, it was highlighted that this currently stood at 85.2%. This was compared to a figure of 59% in January 2020, showing significant improvement. There were opportunities to improve this

score, which would be built upon at the beginning of the next financial year. This work would involve housekeeping, and potentially further work on data cleanse projects.

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.

John Crowhurst updated that since the last update, the system had gone live. This included 3 LGPS Funds, comprising of 58,000 members. Alongside other launches, there were around 300,000 members on the new system, which amounted to around half of the membership that services were provided to. Over 100 operational staff had been trained in using the new system, including staff processing casework, payroll experts and help desk advisors. This number would increase as part of the phase 2 go live process, of which Brent were a part. From a member perspective, it was updated there was a new member portal called pension point, which had 12,000 members enrolled and actively using since the system had gone live. It was noted that whilst some features of the new system were available from day one, functionality would gradually be increased as the system was rolled out further.

Focusing on the Brent launch of the new system, it was clarified that there were checks and balances in place to ensure the launch was successful. This included things such as successful data migration, and ensuring that data integrity was maintained. There were also ongoing tests to ensure that the system performance was stable and that multiple users were able to access the site simultaneously.

In terms of lessons learned from the go live process, it was updated that the processing of images from member records had taken longer than anticipated. Since then, the images had been uploaded prior to the go live date. The second lesson was highlighted as ensuring that users could log in a few days prior to the go live date to ensure that they had full access from day one.

Finally, John Crowhurst addressed the fact that help desk wait times had increased. Since the go live date, members had been waiting for up to 15 minutes to speak to staff. As a result, further staff had been deployed to work on the help desk, as well as a dedicated line for queries regarding the new member portal. As a result, wait times had reduced to 10 minutes, and the wait times would continue to be monitored.

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

- It was noted that Brent Officers were continuously monitoring the progress of Project PACE, and were pleased with the progress currently made by LPP.
- It was asked how secure the new system was from cyber-attacks, and it was clarified that penetration tests had been carried out on the security of the

- system prior to going live, and that there had been no concerns raised as part of this.
- The go live date for phase 2 clients (including Brent), would be communicated with Officers in due course.

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. Risk Register

Rubia Jalil (Brent Council - 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:

- There had been two key risks added to the Risk Register, related to data migration from Altair into Civica UPM undertaken by LPP and a second risk to capture the impact of the exposure of the Brent Pension Fund to Russian, Ukrainian and Belarusian assets. The risk in relation to data migration had been categorised as low to medium, whilst the exposure to Russian, Ukrainian and Belarusian assets. This was detailed in sections 3.5 and 3.6 of the report.
- The Board were also updated that the risk of Covid-19 had been decreased from medium-high to low-medium, due to fewer variants being reported in recent months.

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

- It was asked whether the issue of cyber security was covered in the risk register, and it was clarified that this was the case.

The Board welcomed the report and as no further issues were raised it was **RESOLVED** to note the report including the key changes set out in section 3.5.

## 7. London Borough of Brent Pension Fund - Q3 2021 Investment Monitoring Report

The Board received the Brent Pension Fund Q3 2021 Investment Monitoring Report. It was reported that the monitoring report had been considered in detail by the Brent Pension Fund Sub Committee on 21 February 2021 who had noted the key issues as set out in the report.

In considering the report, the Board noted the following:

- The Fund had added £80m to its portfolio over this period, representing a combined return against assets of 6% (ahead of the benchmark return of 5.1%).

- The main driver of returns were the Fund's growth holdings with LGIM's global equity mandate the primary contributor in monetary terms and the Global and Private Equity Funds also performing well. Within the Fund's Income holdings the Baillie Gifford multi-asset fund had also produced strong performance.
- Emerging market equities were noted as delivering a lower rate of return, as well as the Capital Dynamics Infrastructure Fund and Alinda Infrastructure Fund, although it was noted these had not had a significant bearing on the Fund overall, totalling 0.5% of the Fund's assets.

Members were then provided with a summary of the climate risk analysis and carbon intensity by Fund Managers. Key issues highlighted were as follows:

- As a starting point the Fund was reporting in line with information produced by its Pool, the London CIV. The Fund would, however, seek to evolve its climate risk monitoring process by monitoring against further metrics. Key metrics were currently focussed around weighted average carbon intensity and Fossil Fuel exposure with the information covered capturing approx. 88% of the Fund's assets, as at 31 December 21. Members were assured this provided an accurate and reliable level of data.
- Having noted the relative carbon intensity for each Fund as a % of assets members were advised that despite representing only 15% of Fund assets the Baillie Gifford Diversified Growth fund was responsible for 29% of the Fund's total carbon intensity. Whilst the LGIM Global Equity Fund represented the highest % of carbon intensity (42%) it was also recognised that this represented 53% of the Fund's assets. Focussing on these areas, members were advised of the specific investment profile relating to the Diversified Growth Fund, which had impacted on their carbon intensity rating including investment in the German energy company RWE. It was noted that as part of the London CIV, progress would continue to be monitored in terms of the carbon intensity of that fund.
- In terms of fossil fuel exposure, it was updated that the Fund had a 6.2% exposure to fossil fuels, in comparison to the global average of 7.3%, meaning that the Brent Fund was lower than the global average, though the Fund was still looking to decrease this level further.

Members were then updated on the impact that the conflict in Ukraine could have on the Fund. The Fund had reviewed its exposure to assets in Russia, Belarus and Ukraine, and it was noted that the Fund only had small exposure to those regions, both in the number of holdings, as well as monetary value. It was acknowledged that values of the Fund's assets had dipped since the publication of the report, though the early signs were positive for March and the year-end position. Members were reminded that the Fund held a well-diversified portfolio, which was vital in mitigating against unexpected global events.

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

## 8. **Net Zero Transition Roadmap Update**

The Board received the report providing an update on progress against the Fund's net zero transition roadmap, as detailed within the progress update included as Appendix 1 to the report. It was reported that the report had been considered in detail by the Brent Pension Fund Sub Committee on 21 February 2022, who had noted the current position and progress made in the Roadmap. It was noted that as part of this agenda item, the Sub-Committee had agreed in principle the climate metrics for the Fund going forward, as well as next steps on the roadmap, which included increased reporting on carbon exposure.

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

## 9. **Actuarial Assumptions (Summary)**

The Board received a report which provided an update on the 2022 valuation process, in particular on the key financial and demographic assumptions that had driven the overall funding level and employer contribution rates. The Board noted the inclusion of a more detail paper included for consideration as an exempt item.

The Board noted that both the Sub-Committee and the Pension Board had received training on this subject prior to the Committee meeting in February, and that Officers had reviewed these assumptions in detail with the actuary.

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

## 10. **Pension Fund Annual Report 2020-21**

The Board received report which set out the final version of the Pension Fund Annual Report for the year ended 31 March 2021, following the conclusion of the external audit.. It was reported that the report had been considered in detail by the Brent Pension Fund Sub Committee on 21 February 2022.

Members welcomed the report and with no further issues raised, it was **RESOLVED** to note and approve the contents of the Brent Pension Fund Annual Report 2020/21. The Board also thanked Officers for their work in being one of the first local authority pension funds audited by Grant Thornton to have their annual report review completed.

## 11. **Procurement of Actuarial, Custodian and Investment Management Consultancy Services**

The Board received a report which summarised the outcome of the Actuarial Services tender and sought authority to procure a contract for Custodian Services and Investment Management Services. It was reported that the report had been considered in detail by the Brent Pension Fund Sub Committee on 21 February 2022

Members welcomed the report and with no further issues raised, it was **RESOLVED** to note the report and to note the re-appointment of Hymans Robertson LLP as actuary for the Brent Pension Fund.

12. **LAPFF Engagement Report**

The Board received a report providing an update on engagement activity undertaken by LAPFF (the Local Authority Pension Fund Forum) on behalf of the Fund. It was reported that the report had been considered in detail by the Brent Pension Fund Sub Committee on 21 February 2022.

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

13. **Any other urgent business**

None.

14. **Date of Next Meeting**

NOTED that dates scheduled for future meetings of the Pension Board would be agreed by Full Council as part of the 2022/23 calendar year of meetings.

15. **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.*

16. **London CIV Update**

The Board received a report, which provided the latest update on recent developments regarding the Brent Pension Fund Investments held within the London CIV (LCIV). It was reported that the report had been considered in detail by the Brent Pension Fund Sub Committee on 21 February 2022, who had noted the current position and progress made in the Roadmap. The update included the LCIV Investment review for the period ending 31 December 21 (as detailed in 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 in Appendix 2 of the report) was the LCIV quarterly investment review 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.

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

17. **Actuarial Assumptions (Full Report)**

The Board noted that this item had been addressed in the public section of the meeting.

The meeting closed at Time Not Specified

MR. D EWART  
Chair