	Pension Board 23 March 2021
	Report from the Director of Finance
Pensions Administration Update	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	1. Q3 Performance Report 2. LPP Risk and Compliance Update - March 2021
Background Papers:	N/A
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Sawan Shah, Senior Finance Analyst Saagar Raithatha, Finance Analyst

1.0 Purpose of the Report

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

2.0 Recommendation(s)

2.1 The board is recommended to note the overall report.

3.0 Pensions Administration Performance Report

3.1 The administration of the Brent Pension scheme was transferred to LPP on 1 October 2018. This report reviews the performance of the LPP contract against agreed Service Level Agreements (SLA's) during October to December 2020.

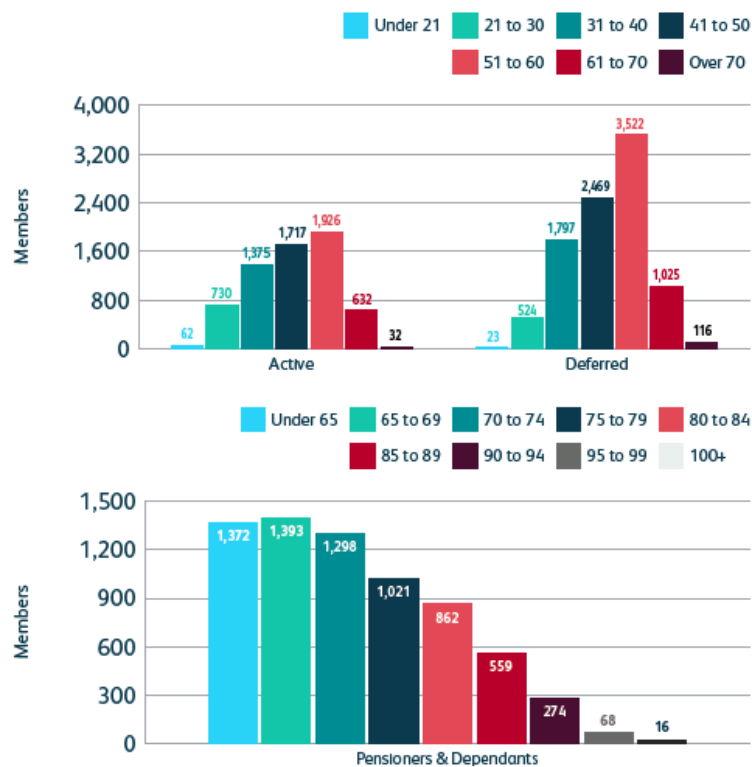
3.2 The Pensions administration team are holding monthly meetings with LPP to monitor the performance of the contract looking at both the individual month and

trends across months. Full details on the Q3 performance report are set out in appendix 1.

- 3.3 As of 30 December 2020, the Brent Pension Fund had 22,813 members, which was made up of:
- 6,474 active members
 - 6,863 pensioners (including dependants)
 - 9,476 deferred beneficiaries.

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

Figure 1:



- 3.5 The percentage of cases completed on time has remained high with a quarterly average of 99.6%. The cases completed on time in September 2020 was 99.1% which was above the target of 98%.

- 3.6 Figure 2, provides detail on the number of cases that have processed grouped by category. At the start of September, cases brought forward totalled 1,787 and there were 1,197 outstanding cases at the end of December. All categories have seen significant decreases in outstanding cases, notably in the deaths and retirements categories.

Figure 2:

	Brought Forward at 30/09/20	Completed	Received	Outstanding as of 31/12/20
New Starters	60	197	165	28
Transfer In	146	89	61	118
Transfer Out	53	95	90	48
Estimate - Individual	39	118	100	21
Deferred Benefits	269	506	411	174
Deaths	439	215	148	372
Retirements (Immediate)	36	31	46	51
Retirements (Deferred)	310	301	121	130
Refunds	65	119	88	34
Estimates - Employer	50	145	106	11
Correspondence	34	254	250	30
Aggregation	69	75	51	45
Other (see Definitions – page 3)	217	345	263	135
TOTALS	1,787	2,490	1,900	1,197

- 3.7 Helpdesk call performance measures the average wait time and calls answered. The Fund has shown improved performance in this quarter with wait times of 2 minutes 24 seconds in October, 1 minute 54 seconds in November and 2 minutes 29 seconds in December, all of which were closer to the target time of 2 minutes in comparison to the previous quarter which saw peak wait times at 4 minutes 51 seconds. The fund will be working with LPP to understand the reasons behind the delayed timings. The average calls answered should be 90% and the fund is pleased to report that during the last quarter, all months were above target with 97.6% in of calls being answered in October, 98.3% in September and 97.5% in December.
- 3.8 Service improvements delivered involved the launch of the new LPPA website including a live chat functionality for users, successful delivery of online training sessions for employers and the launch of the bereavement booklet.
- 3.9 Scheduled updates include issuing of life certificates for overseas members due in January 2021, end of year data returns due in March 2021, planning for the P60 campaign as well as issuing of the Pensioner Newsletter planned for spring.
- 3.10 Since the last Pension Board, 7 new complaint cases have been received. This included 3 new complaints in December, 3 new complaints in January and 1 new complaint in February. Out of the 7 cases, 2 related to delays and 5 related to general service. Brent and LPP are taking action to ensure that these cases are resolved swiftly however the complex nature of some cases means that this is not always possible. In addition, following the completion of each case, a process is undertaken to ensure any lessons learned are reviewed and consequently, if necessary, processes and procedures will be updated.

3.11 The Pension Regulator (TPR) acknowledges that complete, accurate scheme records are a vital part of the administrative function. The Regulator defines two types of data held in scheme records:

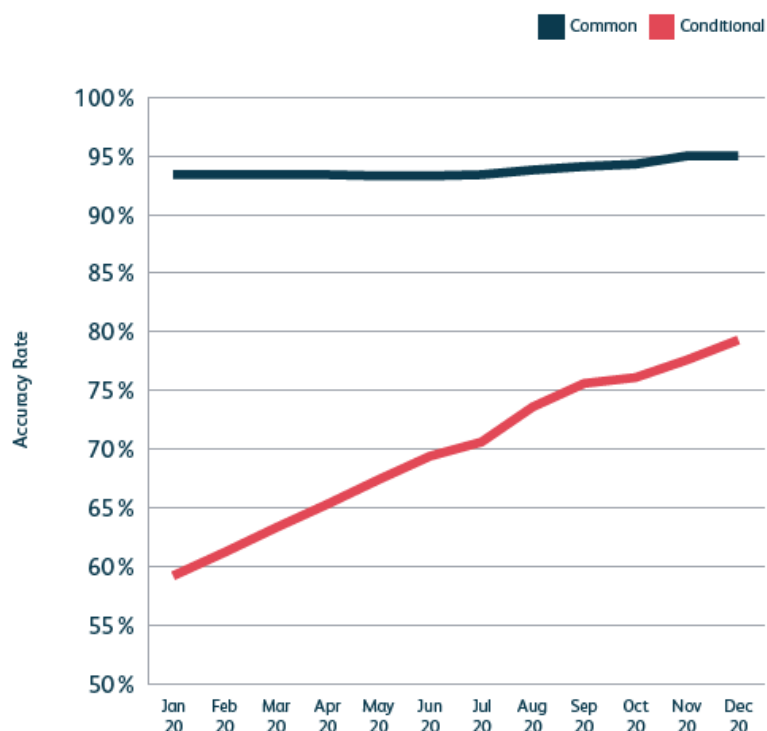
Common Data used to identify scheme members and would include names, addresses, national insurance number and date of birth.

Conditional Data essential to calculate benefit entitlements such as, member contributions, pensionable pay, service history.

It also encompasses data relating to events that occur during an individual's membership, for example transfers, purchase of additional pension and pension sharing orders. Both types of data are equally important, but are defined separately for the purposes of measurement and relationship to obligations under the Data Protection Act.

Figure 3 below displays the TPR scores achieved in regards to the accuracy of common and conditional data. As at December 2020, Common data has a total accuracy rate of 95.0% while conditional data has a total accuracy rate of 79.3%, a marked improvement from the previous quarter.

Figure 3:



4.0 LPP Business Update

- 4.1 LPPA has recently been through a procurement exercise for their pension administration system and contracts have been signed with Civica to provide their Universal Pensions Management (UPM) system. The UPM system will replace Altair as well as LPP's workflow management system (CMS), both YourFund employer portals and the My Pension Online member self-service portal.
- 4.2 The Project is being delivered by a dedicated team of project managers and ringfenced project roles to ensure no impact to the day to day performance of the business. It is expected that Go Live for the Brent Pension Fund will be in September 2022. The project will be spread over 4 phases, initially to deliver UPM to those clients whose Heywood contracts will terminate first. The transfer of this service from Heywood's to Civica while having many benefits will also involve risks that are to be monitored regularly by LPP through their Project Plan capturing key dates, tasks, milestones, risks and controls in place. LPP are to provide Brent officers with regular updates in weekly and monthly meetings to ensure successful transfer of administrative systems.
- 4.3 John Crowhurst, the Commercial Director at LPP will be in attendance at the Pensions Board meeting to provide a verbal business update.
- 4.4 Janet Morville-Smith, the Head of Risk & Compliance Pensions Administration at LPP will be in attendance at the Pensions Board meeting to deliver an update on risk and compliance. The presentation set out in appendix 2 will cover an overview on operational controls, risk and compliance oversight and independent assurance.

5.0 Data Cleanse Update

- 5.1 As reported at the previous Pensions Board meeting in November 2020, the Fund has commissioned a separate project to review and resolve outstanding leaver queries. This will ensure that additional dedicated resources can be put in place until 31st March 2021 in order to ensure that this issue can be resolved as quickly as possible.
- 5.2 The process for clearing the leavers will depend on the case. Options include: using data available through previous end of year returns, contacting the employer to resolve the query, reviewing archives for leaver information or contacting the member for payslip/P60 information.
- 5.3 1,385 missing leaver queries have been identified as within the scope of the project and the Fund has been receiving weekly updates on progress against the project from LPPA. The work began as planned on 12th October and good progress has been made. The starting position was 1,385 unprocessed leavers. Since October, on average, 6 cases are being cleared per day and the latest position at the time of writing sees 626 cases being cleared with 759 cases remaining. Based on current performance, it is estimated that it could take up to 26 weeks for remaining queries to be cleared.

5.4 The project team includes an experienced member of the administration team who has relevant experience in handling complex cases. The project runs until 31st March 2021 with a full cost of the project (to March 2021) is in the region of £75,000. Brent officers will be conducting a review of the project in the coming weeks ahead of 31st March 2021 in order to take stock on progress made to date and decide on next steps.

6.0 GMP Project

6.1 From 6th April 2016, Contracting-Out Status for pension schemes in the UK ceased. This instigated a reconciliation exercise between HMRC and UK pension scheme administrators to ensure that contracted-out liabilities were recorded correctly across the records of both parties.

6.2 Previous phases of the reconciliation exercise were carried out by London Borough of Brent's former pension scheme administrators (Capita), which Local Pensions Partnership Administration (LPPA) did not result in any corrective action on Brent records.

6.3 During discussions officers held with LPP in regular meetings, it has been proposed to commence the Guaranteed Minimum Pensions (GMP) reconciliation project in April 2021. This project will review the final data output from HMRC in relation to the GMP reconciliation exercise on behalf of the London Borough of Brent and carry out the appropriate corrective action on active, deferred and pensioner records.

6.4 LPPA received HMRC's Final Data Cut in August 2020. This data will be used to ascertain the GMP discrepancies between HMRC's and Brent's data without referencing back to the previous work completed by Capita.

6.5 In order to carry out this review, the project will be split into 5 key work streams which will cover amendment of deferred, active and pensioner records where errors are found, correction of duplication of records and revision of pensioner benefits where necessary.

6.6 It is anticipated that the project duration will be 7 months from the start date anticipated in between April 21 and the project will be delivered within a quoted cost of £74k.

6.7 The project will be monitored via a project work plan and status updates will be brought to Brent officers through monthly status reports.

7.0 Financial Implications

7.1 As outlined in section 5 of the report, LPPA have been commissioned to undertake a separate project in order to process historical 'missing' leavers. Should the project run to end March 2020, the cost of the project will be in the region of £75k which will be funded from the Brent Pension Fund.

7.2 As outlined in section 6 of the report, LPPA have been commissioned to undertake a GMP reconciliation project in order to review and amend records accordingly where differences arise between HMRC and Brent data. The project is scheduled to run for 7 months starting in April 2021 with a cost of £74k which will be funded from the Brent Pension Fund.

8.0 Legal Implications

8.1 Not applicable.

9.0 Equality Implications

9.1 Not applicable.

10.0 Consultation with Ward Members and Stakeholders

10.1 Not applicable.

11.0 Human Resources

11.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance