



**Pension Board**  
02 November 2021

## **Report from the Director of Finance**

### **Pensions Administration Update**

<b>Wards Affected:</b>	ALL
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	1. Q1 2021-22 Performance Report 2. Breaches Policy 3. Project Pace Update
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Flora Osiyemi, Head of Finance Sawan Shah, Senior Finance Analyst

#### **1.0 Purpose of the Report**

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

#### **2.0 Recommendation(s)**

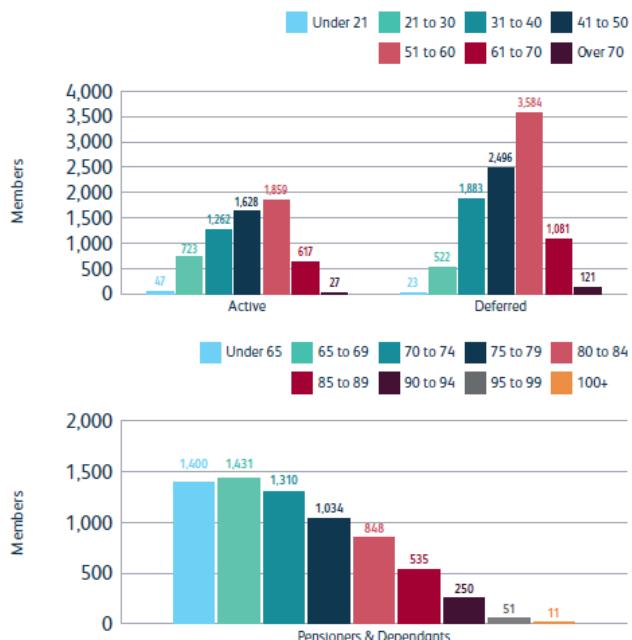
- 2.1 The board is recommended to note the overall report.

#### **3.0 Pensions Administration Performance Report**

- 3.1 This report reviews the performance of the LPP contract against agreed Service Level Agreements (SLA's) during April to June 2021.
- 3.2 The Pensions administration team hold monthly meetings with LPP to monitor the performance of the contract reviewing both the individual month and trends across months. Full details on the Q1 2021-22 performance report are set out in Appendix 1.

- 3.3 As of 30 June 2021, the Brent Pension Fund had 22,743 members, which was made up of:
- 6,163 active members
  - 6,870 pensioners (including dependants)
  - 9,710 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 This shows that the majority of the working age active members fall into the 31 to 60 age groups while, as would be expected, 51-60 is the banding with the highest number of deferred members. For pensioner and dependant members, the number of members in the under 65, 65 to 69 and 70 to 74 bands is broadly the same. Number of members declines progressively into the older bands.
- 3.6 The percentage of cases processed on time has remained high with a quarterly average of 97.97%. This is in line with the 98% target.
- 3.7 Figure 2, provides detail on the number of cases that have been processed grouped by category. At the start of April, cases brought forward totalled 1,364 and there were 1,228 outstanding cases at the end of June 2021. Categories that saw decreases in outstanding cases include deaths and retirements. On the other hand, refunds saw an increase in outstanding cases.

Figure 2:

	Brought Forward at 01/04/21	Completed	Received	Outstanding as of 30/06/21
New Starters	<b>29</b>	<b>199</b>	<b>213</b>	<b>43</b>
Transfer In	<b>145</b>	<b>74</b>	<b>91</b>	<b>162</b>
Transfer Out	<b>80</b>	<b>98</b>	<b>105</b>	<b>87</b>
Estimate - Individual	<b>21</b>	<b>74</b>	<b>69</b>	<b>16</b>
Deferred Benefits	<b>127</b>	<b>167</b>	<b>205</b>	<b>165</b>
Deaths	<b>369</b>	<b>233</b>	<b>137</b>	<b>273</b>
Retirements (Immediate)*	<b>89</b>	<b>83</b>	<b>44</b>	<b>50</b>
Retirements (Deferred)*	<b>161</b>	<b>169</b>	<b>117</b>	<b>109</b>
Refunds	<b>34</b>	<b>97</b>	<b>132</b>	<b>69</b>
Estimates - Employer	<b>9</b>	<b>49</b>	<b>51</b>	<b>11</b>
Correspondence	<b>24</b>	<b>126</b>	<b>125</b>	<b>23</b>
Aggregation	<b>47</b>	<b>60</b>	<b>53</b>	<b>40</b>
Other (see Definitions – page 3)	<b>229</b>	<b>397</b>	<b>348</b>	<b>180</b>
<b>TOTALS</b>	<b>1,364</b>	<b>1,826</b>	<b>1,690</b>	<b>1,228</b>

\* In Q4 20/21, we trialled a new way of prioritising retirement cases. This resulted in the retirement process being split out into its two component parts 1) the options stage 2) the payment stage. The number of completed cases reported in this table may therefore vary to the number of retirements processed on page 11, which are reportable against the SLA. We have since re-designed the workflow so that the two component parts of the process can be handled under the one case type.

- 3.8 Helpdesk call performance measures the average wait time and calls answered. The Fund improved performance in its wait times through the quarter with performance of 15 minutes 5 seconds in April, 5 minutes 31 seconds in May and 1 minute 7 seconds in June. April and May were above the target time of 4 minutes, this was largely due to a significant increase in bereavement and retirement cases, resulting in higher volumes of calls and emails received. Performance returned to better than target in June. The fund will be working with LPP to understand further details behind the delayed timings. The average calls answered should be 90%. Over the last quarter, 86.6% of calls were answered in April, 94.4% in May and 99.3% in June.
- 3.9 Service improvements delivered included the launch of several self-service videos such as how to sign up to My Pension Online and how to use the pension payments calculator and the launch of an employer contact form to ensure queries are handled quicker and more efficiently.
- 3.10 Scheduled updates in the coming months include improvements to member surveys and the welcome programme for new starters.
- 3.11 Since the last Pension Board, 6 new complaint cases have been received. This included 2 new complaints in April, 3 new complaints in May and 1 new complaint in June. Out of the 6 cases, 3 related to delays, 2 related to general service and 1 related to regulatory issues. 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.
- 3.12 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:

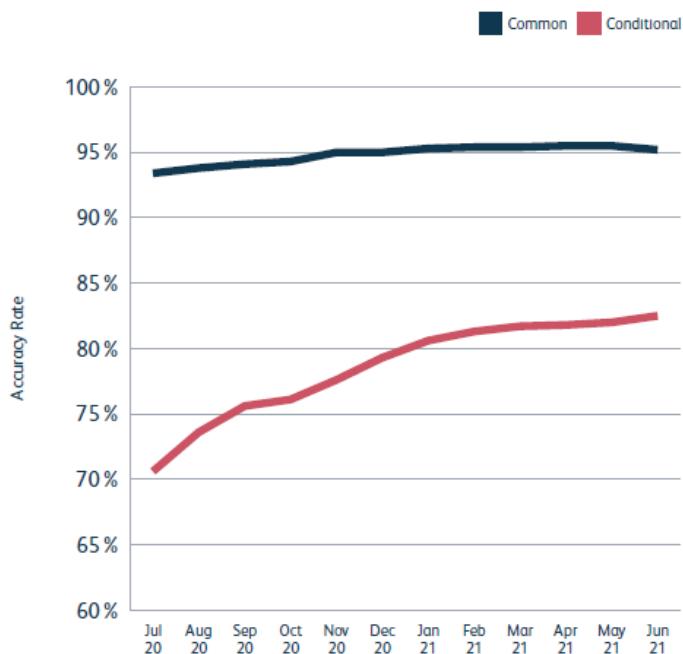
**Common Data** used to identify scheme members and would include names, addresses, national insurance number and date of birth.

**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 are data that are equally important, but are defined separately for the purposes of measurement and relationship to obligations under the Data Protection Act.

Figures 3 below displays the TPR scores achieved in regards to the accuracy of common and conditional data. As at June 2021, Common data has a total accuracy rate of 95.1% compared with 95.4% in March while conditional data has a total accuracy rate of 82.5% compared with 81.7% in March.

Figure 3:



#### 4.0 Annual Benefit Statements

- 4.1 It is a statutory responsibility for the scheme manager to issue an annual benefit statement (ABS) to all eligible active and deferred members by 31 August each year.
- 4.2 For active and deferred members, an ABS was issued online to all members identified on year end returns from employers by the deadline of 31 August 2021. Any members who have opted out of electronic communications will have received a printed copy of their ABS through the post.

- 4.3 The production of an ABS requires scheme employers to submit an end of year return. Similar to last year, the timeliness of year-end returns from employers was disappointing this year, with many employers missing the 30<sup>th</sup> April deadline. Fund officers and LPP worked with employers in the spring to ensure that all returns were submitted, escalating to senior management where necessary. All returns were eventually received.
- 4.4 There were a small number of records where queries from year end returns had not been resolved in time. For these members an ABS could not be produced as employers had not been forthcoming with the relevant information. These outstanding queries are being monitored by LPP and as soon as the queries are resolved an ABS will be issued.
- 4.5 The Pensions Administration Strategy allows the scheme manager to take actions against employers that do not comply with their statutory and legal obligations to the Pension Fund. These actions will be considered should employers not respond to LPP's requests for information in a timely manner.
- 4.6 As outlined below, the Fund is carrying out a focussed exercise with a dedicated resource to clear historical unprocessed leavers. Due to this issue, it has not been possible to issue an ABS to these members. The project will be resolving these records and an ABS will be made available to these members as soon as possible. This project is expected to be completed by 30<sup>th</sup> November 2021.
- 4.7 As part of The Pensions Regulators Code of Practice, employers and other individuals involved in running a pension scheme have a legal duty to report a breach of the law where it is likely to be of material significance to the regulator. In order to clarify the decision making process with regards to reporting breaches, a breaches policy for the Brent Pension Fund was produced and agreed by the Pension Board in July 2018. This is attached as Appendix 2 for reference. At this stage, it is not considered to be a material breach to report to TPR. The main considerations for this decision are set out below.
- In relation to active members, prompt action has been taken and a plan has been put in place to resolve the outstanding issues as soon as reasonably practical.
  - The scheme manager will work closely with LPP and employers to resolve the outstanding queries as soon possible, treating the overall exercise as a high priority.
  - The Pensions Administration Strategy provides the scheme manager with the powers to take action against employers who do not comply with the standards set out in the strategy.

## **5.0 Data Cleanse Update**

- 5.1 As reported at the previous Pensions Board meetings, the Fund has commissioned a separate project to review and resolve outstanding leaver queries.

- 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 regular updates on progress against the project from LPPA. Phase 1 commenced on 12/10/2020 and was scheduled to be completed by 31/03/2021. At the end of phase 1, 695 cases had been resolved leaving 690 cases outstanding.
- 5.4 As the remaining cases continued to have a material impact on the Fund's TPR data scores and because these queries would impact the triennial valuation in 2022, the Fund commissioned phase 2 of the project to address the remaining cases. The project team includes an experienced member of the administration team who has relevant experience in handling complex cases. Phase 2 began on 01/06/2021 and is scheduled to be completed on 30/11/2021.
- 5.5 At the time of writing, the latest position shows, of the 1,385 cases within the scope of the project, 1,033 had been completed and 352 were outstanding.

## **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 LPPA received HMRC's Final Data Cut in August 2020 and the Guaranteed Minimum Pensions (GMP) reconciliation project commenced in August 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.
- 6.3 The project has been 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.
- 6.4 The total number of cases across all work streams in scope of the project is 1,448. At the time of writing, the latest position shows that 1,082 cases have been completed.

## **7.0 LPP Business Update**

- 7.1 LPPA are planning to introduce a new pension administration system which is made by Civica and called Universal Pensions Management (UPM). The UPM system will replace 5 different systems including Altair, LPP's workflow management system (CMS), both YourFund employer portals and the My Pension Online member self-service portal. The overall project is called project PACE. It is expected that Go Live for the Brent Pension Fund will be in

September 2022. LPP are providing Brent officers with regular updates in monthly meetings to ensure successful transfer of administrative systems.

7.2 Updates for this quarter include:

- The member website and employer portal initial configuration is complete and both are currently undergoing testing.
- There are 5 data cuts to transfer current data from Altair into UPM. Data cut 1 is complete and signed off
- All operational teams are attending testing workshops to look at any changes required to the standard UPM processes.

A full update including risk log provided by LPPA is attached in Appendix 3.

7.3 John Crowhurst, the Commercial Director at LPPA will be in attendance at the Pension Board meeting to provide a verbal business update.

## **8.0 Financial Implications**

- 8.1 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 November 2021, the cost of the project will be in the region of £159k which will be funded from the Brent Pension Fund.
- 8.2 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 August 2021 with a cost of £62k which will be funded from the Brent Pension Fund.

## **9.0 Legal Implications**

- 9.1 Not applicable.

## **10.0 Equality Implications**

- 10.1 Not applicable.

## **11.0 Consultation with Ward Members and Stakeholders**

- 11.1 Not applicable.

## **12.0 Human Resources**

- 12.1 Not applicable.

**Report sign off:**

**Minesh Patel**  
Director of Finance