



## **MINUTES OF THE PENSION BOARD**

**Held as an online meeting on Thursday 02 November 2021 at 6.00 pm**

PRESENT (in remote attendance): Mr David Ewart (Chair), Councillor Kabir, Councillor Crane and Chris Bala (Pension Scheme Member representative), Robert Wheeler (Member representative- GMB), Sunil Gandhi (Employer Member- Non Brent Council) and Bola George (Member representative – Unison).

Also Present (in remote attendance): Councillor McLennan (Deputy Leader & Lead Member for Resources)

**1. Apologies for absence**

None.

**2. Declarations of interests**

None.

**3. Minutes of the previous meeting – 22 July 2021**

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

**4. Matters arising**

None.

**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:

- That an update was to be provided on Project Pace, which was going live next year.
- Summarising the pensions administration performance report, it was updated that it reviewed the period between April and June 2021.
- It was noted that wait times for phone lines were below target in April and May, largely due to dealing with increased retirement and bereavement cases.
- The number of complaints remained low, with a total of six complaints received during the quarter.
- In terms of the fund's data quality, this has been continually improving and in a much better state than a year ago.
- In relation to the Annual Benefits Statement, it was noted that these had been issued to all members by 31<sup>st</sup> August 2021. A small number of cases

had not been resolved due to ongoing queries, though all would be provided with an Annual Benefits Statement.

- It was updated that the Fund had commissioned two data cleanse projects; one of which was around outstanding leaver cases, with the project at the stage where 300 cases remained of the 1,400. The main aim was to ensure that all cases had been cleared by 31 March 2022.
- The second project regarded GMP reconciliation, with progress being made in regards to this.

John Crowhurst (Operations Director, Local Pensions Partnership Administration (“LPPA”)) then provided the Board with a presentation outlining key business and performance updates within the LPPA Quarterly 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 for Quarter 1, with additional information from Quarter 2 which had not been published with the agenda pack. It was noted that the amount of leavers within the data cleanse project dealt with were for the period up until March 2020. It was noted that as of September 2021, the number of leavers across the fund stood at 695, of which 300 would be cleared as part of the data cleanse project. The employer engagement team, who support Brent employers within the fund, had not raised any queries regarding this process.

In relation to the performance processes throughout the period, it was noted that whilst retirements appeared at 92%, this was due to a delay in processing from the quality and checking team, and there would not be a further delay in sending vouchers across to the Brent payroll scheme. This issue was the same with bereavement cases. These cases were not members or beneficiaries of the scheme, but issues such as tax being paid where there was not a beneficiary waiting to be paid. Moving on to help desk performance, it was noted that the help desk was out of service for the first few months of 2021, largely due to an increase in bereavement calls, which rose by 37%. Bereavement calls were prioritised by the help desk, resulting in a longer wait time for other queries.

Moving on to Members who had registered accounts on MyPension Online, it was noted that there had been an increase throughout Quarters 1 and 2 from Members who had registered for this. It was highlighted that the data score for the Pension Fund would be in excess of 90%, which was a significant improvement.

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

- It was asked whether there were any particular reasons for a dip in the common data for Members of the Fund, to which it was answered that there was work underway to conduct a bulk exercise to gather data, and that if Members were approaching retirement they would be proactively contacted regarding retirement options.
- It was asked why there was an increase in refunds outstanding cases, to which it was clarified that the Board could be updated on this once the cause was established.

- In terms of employers submitting year end returns late, it was asked if anything could be done to improve this rate; it was answered that engagement with employers was vital, and that the three way communication between Council Officers, the LPP and employers had to work effectively. It was also noted that schools within the fund had been particularly challenged due to Covid-19 in the last two years. In addition, it was noted that late returns were perhaps due to a lack of engagement with employers during the Covid-19 pandemic, including training around their statutory and legal obligations. It was also highlighted that the LPP had an engagement officer dedicated to supporting Brent employers within the Fund, and the learning from the last few years was 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.
- It was asked what penalties and charges on employers entailed, to which it was clarified that as per the expectations of the Pensions Regulator, where an employer did not complete actions within a certain timeframe, the Council had the power to charge them. This charge was generally used as a last resort option, where relevant training had first been offered.
- It was asked if the Fund worked with Brent schools improvements teams when compiling information from schools and academies, to which it was answered that this work takes place, but that generally the issue lay with outsourced payroll teams at schools or academies, rather than staff or officers at the school.
- In relation to the data cleanse project, it was asked whether the only remaining cases were those which had been difficult to clear, to which it was answered that the remaining cases were indeed more complex, and that the Fund was working closely with employers to close the remaining cases, to ensure that the Fund was starting from a good position next year.

An update was then received regarding Project Pace. It was updated that a procurement exercise was undertaken to appoint a new system supplier, through which Civica were appointed as the new system supplier for the Fund. This entailed changing core operating systems which helped the business to run and was a large strategic project. The implementation stage of the project was approaching, with Brent going live in the second phase of the project, which was in September and October of 2022. Members were also updated that data migration was a key part of this process, as a result there would be four 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. Currently, the Board were updated that additional resilience may be required in order to compensate against this. In order to make the transition seamless, it was noted that employers and payroll providers would receive training on the new system.

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.

## 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 2020/21**

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. **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.

12. **Any other urgent business**

No items of urgent business were raised.

13. **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)

14. **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.

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 7.30 pm

MR. D EWART  
Independent Chair