



**Pension Board**  
9 November 2022

**Report from the Corporate Director  
Finance and Resources**

## **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>	Two Appendix 1 Q1 2022-23 Performance Report Appendix 2 Breaches Policy
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	<p>Minesh Patel, Corporate Director Finance and Resources 020 8937 4043 Minesh.Patel@brent.gov.uk</p> <p>Ravinder Jassar, Deputy Director of Finance 020 8937 1487 Ravinder.Jassr@brent.gov.uk</p> <p>Sawan Shah, Head of Pensions 020 8937 1955 Sawan.Shah@brent.gov.uk</p> <p>Rubia Jalil, Finance Analyst 020 8937 1855 Rubia.Jalil@brent.gov.uk</p>

### **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 2022 to June 2022.

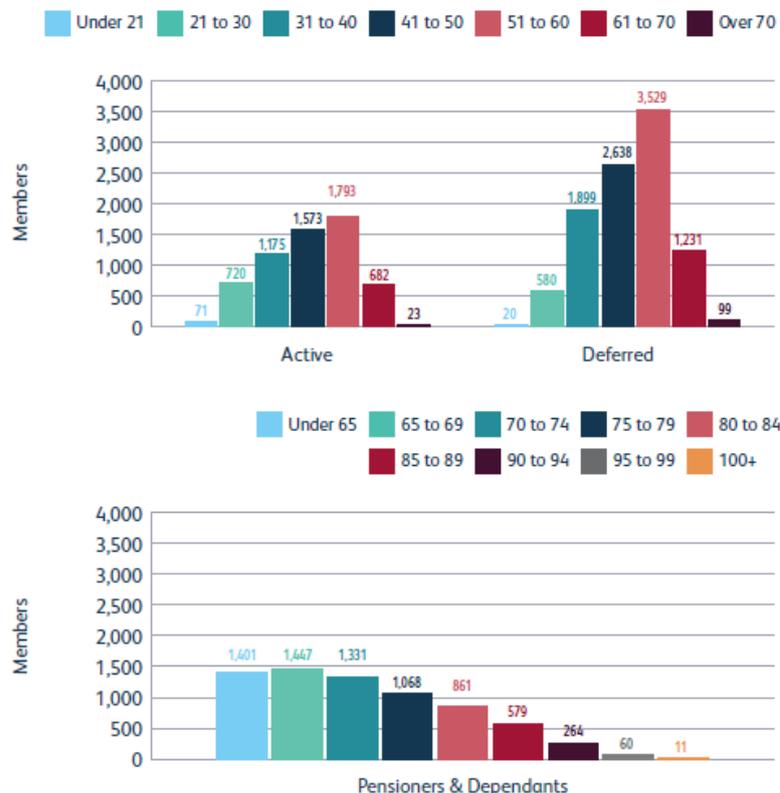
3.2 The Pensions administration team hold monthly meetings with LPP to monitor the performance of the contract looking at both the individual month and trends across months. Full details on the Q1 2022-23 performance are set out in Appendix 1.

3.3 As of 30 June 2022, the Brent Pension Fund had 23,055 members, which was made up of:

- 6,037 active members
- 7,022 pensioners (including dependants)
- 9,996 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.

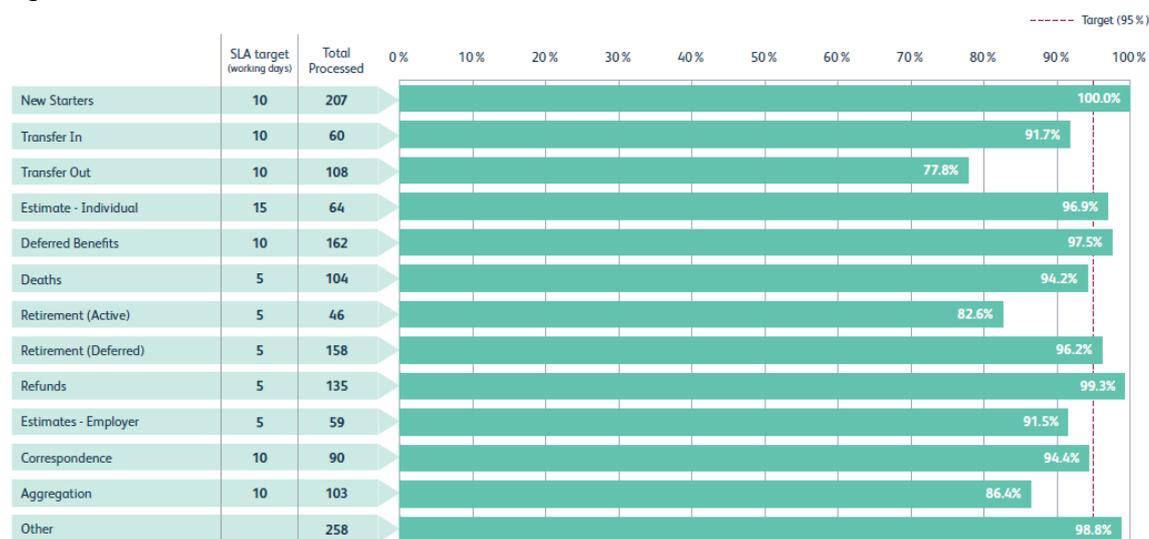
Figure 1:



3.5 The quarterly average percentage of cases processed on time was 94.7%, which is below the contractual SLA target of 95% however relaxed SLAs have been agreed with the Fund during the Universal Pensions Management (UPM) migration period: 90% for payment cases; 70% for other case types.

3.6 Figure 2 provides detail on the number of cases that have been processed grouped by category. In Quarter 1, the average SLA performance was 94.7%.

Figure 2:



3.7 Helpdesk call performance measures the average wait time and calls answered. The Fund average call wait times have reduced significantly with performance of 17 minutes 19 seconds in April, 12 minutes 59 seconds in May and 5 minutes 21 seconds in June following the first phase of project PACE.

3.8 Phase 1 of the migration to Universal Pensions Management (UPM) has been completed with 9 LPPA clients now live on the UPM. LB Brent will go live in November as part of phase 2 migration.

3.9 The average calls answered improved towards end of quarter 1, 84.6% of calls were answered in April, 87.8% in May and 94.7% in June.

3.10 Since the last Pension Board, 8 new complaint cases have been received. This included no new complaints in April, 3 new complaints in May and 5 new complaints in June. 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 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 30 June 2022, Common data has improved since last quarter, a total accuracy rate of 96.8% while conditional data has a total accuracy rate of 87.0%, an improvement from the previous quarter.

Figure 3:

COMMON DATA				CLIENT SPECIFIC			
Data Item	Active	Deferred	Pensioner / Dependant				
NI Number	3	73	29				
Surname	0	0	0				
Forenames/Initials	0	6	6				
Sex	0	0	0				
DOB	0	0	0				
Date started pensionable service / policy / contributions	0	0	0				
Expected retirement / maturity / target retirement date	0	0	0				
Membership status	0	0	0				
Last status event	0	0	0				
Address	21	528	35				
Postcode	22	574	48				
<b>Total Fails</b>	<b>46</b>	<b>1,181</b>	<b>118</b>				
<b>Individual Fails</b>	<b>25</b>	<b>647</b>	<b>77</b>				
<b>Total Members</b>	<b>6,037</b>	<b>9,996</b>	<b>7,022</b>				
<b>Accuracy Rate</b>	<b>99.6%</b>	<b>93.5%</b>	<b>98.9%</b>				
<b>Total accuracy rate</b>				<b>96.8%</b>			

CONDITIONAL DATA		CLIENT SPECIFIC	
Data Item	Fails		
Divorce Records	0		
Transfer In	4		
AVC's/Additional Contributions	0		
Deferred Benefits	0		
Tranches (DB)	636		
Gross Pension (Pensioners)	18		
Tranches (Pensioners)	844		
Gross Pension (Dependants)	20		
Tranches (Dependants)	18		
Date of Leaving	17		
Date Joined Scheme	0		
Employer Details	0		
Salary	313		
Crystallisation	98		
Annual Allowance	192		
LTA Factors	0		
Date Contracted Out	16		
Pre-88 GMP	536		
Post-88 GMP	942		
<b>Total Fails</b>	<b>3,654</b>		
<b>Individual Fails</b>	<b>3,007</b>		
<b>Total Members</b>	<b>23,055</b>		
<b>Total accuracy rate</b>	<b>87.0%</b>		

- 3.12 An issue was identified in May 2022 regarding a deferred member whose pension benefits had been brought into payment and an incorrect pension increase date had been used. The impact of this was an overpayment of pension to the member.
- 3.13 Upon investigation, it was identified that the cause of this error relates to the storage of data in LPPA's pensions administration system (Altair). When the Pension Fund transferred from its previous administrators, Capita, to LPPA in 2018 it was identified that the previous system did not hold a pension increase date that could be mapped to Altair. A solution was developed to ensure pensions were calculated correctly however it has now emerged that this was not applied in all cases.
- 3.14 The Fund requested LPPA to investigate and conduct a review to check the retirement procedures and determine whether this was an isolated incident or a more widespread issue. They have found that in addition to the original case there were a further 10 cases had been identified where an incorrect pension increase date had been used.

- 3.15 Officers are reviewing the paperwork sent to the pensioners at the point that they retired to establish if the pensioners could reasonably be aware that there was an error in the calculation. Each overpayment will be considered on a case by case basis, while considering the impact on the pensioners.

#### **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 members, an ABS was issued to all members identified on the year end returns from employers by the deadline of 31 August 2022. There were a small number of records where queries from year end returns had not been resolved in time or an annual return has not been completed and sent to the Fund. For these members an ABS could not be produced as employers had not been forthcoming with the relevant information.
- 4.3 Initial estimates received from LPPA indicate that this represents a minority of members in the Fund however it is disappointing that the number of statements outstanding is higher than last year. Members who have not received an ABS will receive a statement from the Fund as soon the relevant information has been received from the employer and any queries have been cleared.
- 4.4 The Pensions Administration Strategy (PAS) allows the scheme manager to take action against employers that do not comply with their statutory and legal obligations to the Pension Fund. These actions will be considered for employers that did not respond to requests for information in a timely manner.
- 4.5 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, the Fund has a breaches policy, attached in Appendix 2. At this stage, it is not considered to be a material breach to report to TPR for the reasons set out below:
- Officers have been monitoring the situation and proactively working to rectify this issue as soon as possible.
  - The Fund has been working closely with LPP and employers to resolve the outstanding queries as soon possible, treating the overall exercise as a high priority.
  - Employers who did not submit their return in a timely manner have been contacted multiple times.
  - The Fund has also escalated significantly overdue returns statements to senior management of employers (CEO/CFO, Headteacher, Chair of Governors).
  - The Pensions Administration Strategy provides the Fund with the powers to take action against employers who not comply with the standards set out in the strategy.

4.6 In light of the issues experienced during this year's ABS rollout, officers will review the breaches policy and PAS to see where it could be strengthened. This will be reported back to the board at its next meeting.

## **5.0 Updates for this quarter**

5.1 The Fund is holding an Employers Forum on 23<sup>rd</sup> November 2022, all fund employers and their payroll providers have been invited to attend. The event will include presentations from the Fund Actuary, Hymans Robertson and LPPA and will provide updates on 2022 valuation and on employer responsibilities.

5.2 LPPA are continuing the introduction of a new pension administration system which is made by Civica and called Universal Pensions Management (UPM). Project PACE phase 2 of the migration will run from October to December 2022, this will move remaining 9 clients to UPM. The go live date for the Brent Pension Fund will be 11<sup>th</sup> November 2022.

5.3 Jo Darbyshire, the Managing Director at LPP will be in attendance at the Pension Board meeting to provide a verbal business update.

## **6.0 Financial Implications**

6.1 Not applicable.

## **7.0 Legal Implications**

7.1 Not applicable.

## **8.0 Equality Implications**

8.1 Not applicable.

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

9.1 Not applicable.

## **10.0 Human Resources**

10.1 Not applicable.

**Report sign off:**

***Minesh Patel***

Corporate Director Finance and  
Resources