



MINUTES OF THE PENSION BOARD

Held as an online meeting on Wednesday 22 March 2023 at 6.00 pm

PRESENT (in remote attendance): Mr David Ewart (Chair), Councillor Kabir, Councillor Akram, Chris Bala (Pension Scheme Member representative), Bola George (Member representative - Unison), Robert Wheeler (Member representative - GMB).

ALSO PRESENT (in remote attendance): Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance, Resources & Reform)

1. Apologies for absence

Apologies for absence were received from Sunil Gandhi (Employer Member – Non Brent Council).

2. Declarations of interests

The Chair, David Ewart, declared a personal interest as a member of the Chartered Institute of Public Finance and Accountancy (CIPFA) and as a member of another local authority pension fund.

3. Minutes of the previous meeting

The minutes of the previous meeting held on Wednesday 9 November 2022 were agreed as an accurate record.

4. Matters arising (if any)

None.

5. Pensions Administration Update

Sawan Shah (Head of Pensions, Brent Council) introduced the report, which updated the Pension Board on various pensions administration matters as part of its remit to oversee the administration of the Brent Pension Fund. The Board firstly focussed on the Pensions Administration Performance Report, which reviewed the performance of the Local Pensions Partnership Administration (LPP) contract against agreed Service Level Agreements (SLAs) during October to December 2022. Members noted that the full Q3 2022-23 Performance Report was attached as Appendix 1 to the report.

As an initial introduction, Sawan Shah provided an overview of the membership statistics for the Brent Pension Fund, which as of December 2022, consisted of 5,999 active members, 7,138 pensioners (including dependants), and 10,065 deferred beneficiaries. Regarding these numbers, the Board noted that membership did not tend to vary significantly from quarter to quarter. Sawan Shah explained that the majority of the working age active members fell into the 31 to 60 age groups while 51 to 60 was the banding with the highest number of deferred members. For pensioner and dependant members, the Board were informed that the number of

members in the under 65, 65 to 69, and 70 to 74 bands was broadly the same, with membership numbers declining progressively into the older bands.

Regarding LPP performance in comparison to SLAs, the Board were notified that on 11 November 2022 the Brent Pension Fund had completed migration to a new pension administration system called Universal Pension Management (UPM). The migration process had impacted pension administration performance, with the quarterly average percentage of cases processed on time being 84.0%, which was below the usual contractual SLA target of 95%. However, due to disruption caused by the UPM migration, revised SLAs had been agreed with the Fund, with a target of 90% of payment cases being processed on time and 70% for other case types. In addition to the underperformance compared to contractual SLAs of case processing, the Fund saw significant increases in its average Help Desk wait times. In October 2022, the average wait time was 3 minutes and 58 seconds, in November this increased to 4 minutes and 55 seconds, and in December this increased again to 9 minutes and 2 seconds. Overall, average wait times across the quarter were approximately 6 minutes with the last two months of the quarter above the target time of 4 minutes. Once again, this was attributed to an increase in calls and caseload spikes related to the UPM migration. Sawan Shah reassured the Board that monthly meetings were held between the Fund and LPP to monitor performance and review trends.

Before handing over to John Crowhurst (Commercial Director, LPP) to provide a more detailed review of pension administration performance, Sawan Shah highlighted the complaints data since the last Pension Board meeting in November 2022. 13 new complaint cases had been received, which included 4 new complaints in November 2022, 7 new complaints in December 2022, and 2 new complaints in January 2023. Out of the 13 cases, 6 related to delays, 6 related to general service and 1 related to payments. No Internal Dispute Resolution Procedure (“IDRP”) complaints were received. The Board were informed that Brent and LPP were taking action to ensure that these cases were resolved quickly, although the complex nature of some cases had impacted on resolution timescales. Furthermore, following the completion of each case, a process was undertaken to ensure any lessons learned were reviewed and, if necessary, processes and procedures would be updated.

Following Sawan Shah’s introduction, the Chair welcomed John Crowhurst to the Pension Board, who provided a detailed overview of the Q3 2022-23 Performance Report. John Crowhurst echoed Sawan Shah’s earlier statement that Q3 performance was largely attributable to the UPM migration. It was explained that prior to the migration there was a ‘blackout’ period where work could not be processed which created spikes in workload. The Board were informed that Q4 performance was still below SLAs, but performance had improved in comparison to Q3. John Crowhurst stated that for the next Pension Board meeting in July 2023 LPP would provide 6 months’ worth of performance data, spanning January to June 2023. This would provide the Board with a more accurate trend of administrative performance. In addition to the UPM migration, staff turnover had been a particular challenge at LPP. The Board heard that this was being mitigated through extensive recruitment campaigns and the introduction of a new training programme to upskill new starters.

Regarding performance data, throughout 2022 the average Help Desk call wait time varied from a high of 17 minutes and 19 seconds in April, to a low of 2 minutes and 47 seconds in July. In December 2022, the average wait time was 9 minutes and 2 seconds, but the Board was informed that performance was expected to improve in the near future. The reduction in performance had also resulted in a reduction in customer satisfaction scores, with only 34% of the customers going through the retirement process being satisfied in December 2022, compared to 58.4% in November 2022. Help Desk satisfaction was up in December 2022 at 67.1%, compared to 62.2% in October 2022 and 61.1% in November 2022, although this was below the year-high achieved in September 2022 of 71.6%. The Board were advised that as workload spikes due to blackouts were cleared, customer satisfaction scores were expected to increase.

After the conclusion of John Crowhurst's overview of the Performance Report, the Chair invited questions from Board Members, with questions and responses summarised below:

- Regarding the implications of performance targets not being met, Sawan Shah reiterated that the final quarter of 2022 was forecasted to be difficult due to the UPM migration. However, the Board were reassured that issues caused as a result of associated processing delays would be taken into account as part of any final outcome and payment arrangements. The Board heard that officers would continue to monitor administration performance in order to ensure that performance returned to contractual SLAs, with performance likely to improve since the completion of the UPM migration. John Crowhurst expressed confidence that performance would improve in the long-term, returning to levels prior to the UPM migration. Furthermore, the Board were informed of other future LPP initiatives such as the McCloud Remedy and the monthly return function, allowing employers to submit data monthly rather than annually, which was hoped to improve future performance.
- Concerning feedback on the Help Hub and News Hub, John Crowhurst stated that whilst customer feedback was limited to date a summary of engagement activity following the launch of the Hubs could be provided. The Hubs would be utilised more once the monthly return process had been implemented.
- In response to a query about potential face-to-face training with employers, the Board were informed that at the time of the meeting all training was scheduled to be held online as it was currently felt to be more accessible, although that would not preclude face-to-face sessions being held. John Crowhurst explained that, so far, half of all employers had booked onto the online training, with further engagement planned with the other 50% of employers. In addition to training, a dedicated phoneline for employers was available to support with any queries from employers.
- In referencing section 5 of the report, 'LPP Business Update', the Board enquired about attendance at the Employers Forum held in November 2022. Sawan Shah stated that attendance details could be provided separately, with the Chair advising that attendance and engagement had been positive.

- Regarding preparation for year-end and the Annual Benefit Statement (ABS), John Crowhurst informed the Board that for some employers, this year would be the first year-end using UPM. Responding to learning from last years' experience, LPP had been communicating to ensure that employers were aware of the differences in process. The Employer Engagement Team were available to support employers with submitting year-end files and progress would be tracked in advance of the final submission deadline in April which would be communicated to officers. It was reiterated that the Fund, LPP, and employers were jointly responsible for ensuring that year-end files were submitted on time.
- In responding to a question concerning the support available for employers submitting monthly returns, John Crowhurst highlighted the Employer Help Desk, Help Hub, and Employer Engagement Team. If employers were consistently missing submissions, escalation to the Fund was an option. Prior to the implementation of the monthly returns, training sessions were available for employers using payroll suppliers.
- The Board were advised that the graphs on page 38 of the agenda pack, titled 'Members Registered', illustrated the number of Fund members registered for PensionPoint for each quarter. Clarification was provided that the additional graph illustrated the percentage of active, deferred, and pensioner members registered in each quarter. John Crowhurst stated that spikes in members registering was expected around 'bulk activity', such as the ABS in August.

Following the discussion of the Performance Report, Sawan Shah spoke on section 6 of the report which focused on external payroll providers. The Board were informed that over the last few months, officers had been concerned about a particular payroll provider that was used by many of Brent's schools causing issues across the Local Government Pension Scheme (LGPS) and Teachers' Pensions. The issues the Council had faced included non-receipt of data returns by the relevant deadlines, errors on data returns and inability to resolve issues due to a lack of communication. In addition, the issue had also caused complications in relation to the audit of the Council's Teachers' Pensions End of year certificate 2021/22 which had been brought to the attention of the Council's Audit and Standards Advisory Committee. Sign-off of the certificate had been delayed beyond the deadline of 30 November 2022 due to delays in receiving evidence requested by the external auditors from the payroll provider.

The Board were advised that the Council had written to schools in the borough who used this payroll provider's services, highlighting the need to ensure that their payroll provider was fulfilling all of their responsibilities, in addition to reiterating the need to maintain appropriate contract management. Clarification was provided that as schools were the contract holders, it would be their responsibility to monitor payroll provider performance. The Council had also highlighted the consequences of the issues including interest charges, the inability to update member pension records and the potential for incorrect pension calculations. In noting the sanctions available to the Fund the Board recognised and supported the pragmatic approach being taken in an attempt to resolve the issues identified and in supporting employer organisations. Furthermore, the Council was aware that some schools had already reviewed their arrangements with the provider and elected to move to another provider in the coming months.

In thanking Sawan Shah for the update, the Chair welcomed questions from Board members, with questions and responses summarised below:

- Regarding alternative sanctions and mitigations to ensure timely data returns, Sawan Shah stated that the main mitigation fell on employers to hold regular meetings with payroll providers to monitor performance and receive regular update reports. The Board were advised that the Fund wanted to avoid the use of financial penalties wherever possible, however, this remained an option within the regulatory strategy, if required.

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**

Ravinder Jassar (Deputy Director of Finance, Brent Council) introduced the report providing an update 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 following updates:

- In October 2022, the Department for Levelling Up, Housing and Communities (DLUHC) had published the LGPS statistics for 2021/22. Highlights were as follows:
 - Total expenditure was £14.4 billion, an increase of 6.6% cent on 2020/21. This was driven in part by an increase in lump-sum retirement payments.
 - Total income was £15.9 billion, a decrease of 8.1% on 2020/21.
 - Employer contributions decreased by 24.3 per cent on 2020/21 to £7.8 billion. This decrease in total income and employer contributions was common in the final year of the three-year valuation cycle due to employers making early payment of contributions in the previous two years.
 - The market value of LGPS funds on 31 March 2022 was £364 billion, an increase of 8%.
 - There were 6.3 million scheme members as of 31 March 2022, comprising of 2 million active members, 1.9 million pensioners and 2.3 million deferred members.
- The announcement in relation to the 2023/24 employee contribution bands, which would be effective from 1 April 2023. These were calculated by increasing the 2022/23 employee contribution bands by the September CPI figure of 10.1%. As the employee contribution bands were being uplifted by a higher rate than the average pay award, there was likely to be more members of staff dropping into a lower band than in previous years. This would reduce the contributions payable to the Fund by members. The Board were advised that this would have a small negative impact on the cashflow position of the Fund in the short term, however, higher inflation expectations had been

factored into the 2022 valuation therefore it was not a cause for concern in the longer term.

- Ravinder Jassar explained that DLUHC had issued a consultation on changing the in scheme revaluation date from 1 to 6 April, with effect from 1 April 2023 and thereafter on each 6 April. The proposed change would remove the impact of high inflation on the annual allowance (AA) and reduced the number of members incurring a tax charge. The consultation had run for two weeks and closed on 24 February 2023. The board were informed that the Fund's actuarial advisors had produced a briefing note on this subject which was attached in Appendix 6 of the report.
- Lee Rowley MP, Minister for Local Government, had responded to a letter written to him in August 2022 by the Scheme Advisory Board regarding the separation of main authority accounts and pension fund accounts. Currently the two accounts were tied together which had caused delays in signing off pension fund accounts when authority accounts were awaiting audit sign off. Officials within central government had been asked to consider the scope for developing this further, although the separation of the accounts was not foreseen to occur any time soon.

As no further issues were raised the Board **RESOLVED** to note the recent developments in the LGPS, as detailed within the report.

7. **Brent Risk Register**

Carlito Rendora (Senior Finance Analyst, Brent Council) presented the report, which updated the Board on the Risk Register, attached as Appendix 1 of the report, for the Brent Pension Fund Pensions Administration Service. The Board were advised that one key change to the Risk Register had occurred, a new risk had been added in response to significantly higher than expected inflation (highlighted as item 9.7 within the Risk Register attached as Appendix 1 to the report). Other changes made to the Risk Register to keep the document up to date had been outlined in section 3.6 of the main report. In addition, the Board received and noted the Risk Strategy for the Fund, attached as Appendix 2 of the report.

In thanking Carlito Rendora for the for the overview, the Chair welcomed questions and contributions from Board members. Contributions, questions, and responses were as follows:

- Regarding the impact of the downsizing and closure of primary schools, the Board were informed that if this were to occur it would have an effect on the Fund's cashflow, since fewer staff resulted in fewer members and less contributions. Nevertheless, Sawan Shah (Head of Pensions, Brent Council) reassured the Board that the Fund's actuary advisers had recently modelled the maturity of the Fund, doing so at every triennial evaluation, with the issue not being a significant concern at the time of the meeting.
- Ravinder Jassar (Deputy Director of Finance, Brent Council) advised the Board that the external auditors, Grant Thornton, were placing the Pension Fund under 'hot review', which was a further detailed review of the Fund's accounts before year-end closure. As a result of the 'hot review', the Board

noted the potential for delays in closing the accounts on which a further update was requested at the next Board meeting.

- Concerning the review dates of the items included in the Risk Register, the Board heard that the items with 2023 stated as the next review date were reviewed annually, whereas it was noted on the Risk Register where items were reviewed on a more frequent basis. Furthermore, Sawan Shah informed the Board that some actions were Council-wide, such as GDPR training which was completed by all officers on an ongoing basis. Sawan Shah advised that he would ensure a further review was undertaken to ensure that all information was accurate and up to date
- The Board were advised that the scores on the Risk Register reflected the likelihood and impact of the risk without the control in place. The control was influenced by the risk score, with higher risk scores resulting in a higher level of control attached to it. The Board noted that the control-adjusted risk scores were not currently included as part of the Risk Register.

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 of the report.

8. Investment Strategy Review

Before moving on to remaining items on the agenda the Chair reminded Board members that agenda items 8, 9, 10, 11, 12, and 14 were reports referred to the Pension Board for information following their consideration at the Brent Pension Fund Sub-Committee.

The Board received an update on the review undertaken by the Fund's investment advisor, Hymans Robertson, of the current investment strategy, following on from the Fund's 2022 valuation. The purpose of the review was to evaluate the current investment strategy and analyse the ability of alternative strategies to meet the Fund's strategic objectives and followed the report having been considered in detail at the Brent Pension Fund Sub Committee on 20 February 2023.

In receiving the update, the Board noted that it was best practice to periodically review the Fund's investment strategy to allow for the consideration of recent data and to review the performance of assets. The Board were advised that the Fund's 2019 investment strategy was deemed as still valid, with recommendations to rebalance asset holdings to move towards long-term allocation targets. The next steps following on from the review was to prioritise actions over the next three years, with the investment in the London CIV UK Housing Fund and the rebalancing of the Fund's equity holdings likely to be considered priorities.

After the conclusion of the update, the Chair invited contributions from Board members, with questions, responses and comments summarised below:

- In responding to a question raising concerns over the three year time period between reviews due to recent economic volatility, Sawan Shah stated that the Fund was a long-term investor meaning current volatility was expected to have less of a long term impact. The Board were informed that the

performance of the Fund was reviewed quarterly but the three year investment strategy review, which was resource-intensive, struck a good balance between short-term and long-term monitoring.

- Regarding the recommendation to reduce global equity holdings by 6%, the Board were advised that the decision was largely a defensive measure. The Board noted that the Fund's maturity was growing, meaning the Fund was well funded and was able to make gains in less risky assets. In addition, income assets, such as property and infrastructure, were better protected from inflation, resulting in a number of funds advising greater allocations to these holdings.

Members welcomed the update and with no further issues raised, it was **RESOLVED** to note the Investment Strategy Review, including the exempt information included within Appendix 2 of the report.

9. Investment Monitoring Report – H2 2022

The Board received an update on the Brent Pension Fund H2 2022 Investment Monitoring Report, which reviewed the Fund's performance over the second half of 2022.

In noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 20 February 2023 and covered monitoring performance up to 31 December 2022, the Board **RESOLVED** to note the H2 2022 Investment Monitoring Report without any further detailed comment.

10. Housing Allocation Report

The Board received a report updating members on the London CIV UK Housing Fund, which included the Product Assurance Review (PAR) conducted by the Fund's investment advisors (Hymans Robertson) and their recommendations for investment and implementation. The Board were informed that both London CIV and Hymans Robertson had attended the Pension Fund Sub-Committee on 20 February 2023 in order to present the proposal in further detail. The Sub-Committee had agreed, in principle, to a commitment of 2.8% of total Fund assets (circa £30m) to the London CIV UK Housing Fund.

Following the introduction to the report, the Chair welcomed questions and comments from Board members. The subsequent discussion is summarised below:

- In response to a comment about the potential reliance on central government funding in relation to social housing provision and the associated impact in terms of exposure of the London CIV UK Housing Fund, the Board were assured that the associated risks had been identified and recognised. The Fund identified for Brent's investment did not include exposure to the private rented market and was not specifically aimed at properties in Brent having a national focus instead.

Members welcomed the report and as no further issues were raised it was **RESOLVED** to note the update provided and investment identified, including the exempt information included within Appendix 1 of the report.

11. **Triennial Valuation Results and Funding Strategy Statement**

The Board received a report providing an update on the results of the 2022 triennial actuarial valuation and the associated policies, which included the Funding Strategy Statement. In noting that the report had been subject to detailed consideration at the Brent Pension Fund Sub Committee on 20 February 2023, the Board received a further update on key actions that had occurred since the last Pension Board meeting in November 2022. These included issuing draft employer results schedules to employers, which showed the contribution rate for each employer for the next three years. In addition, an employer's forum had been held in November 2022, in which the process for determining the contribution rate was explained and employers questioned officers and the fund actuary on the valuation process. The Board also noted that the Council expected the final version of the draft valuation report, attached in Appendix 1 of the report, to be completed before the 31 March deadline.

Members welcomed the update and as no further issues were raised it was **RESOLVED** to note the update provided on the draft Valuation report and associated Funding Strategy Statement, including the exempt information included within Appendix 5 of the report.

12. **Procurement of Investment Management Services**

The Board received a report which summarised the outcome of the investment management services tender. The Board were informed that Hymans Robertson LLP were re-appointed to provide investment management services for the Brent Pension Fund. In welcoming the update, the Chair praised the 60% weighting given to the quality criteria during the procurement process.

With no further issues raised it was **RESOLVED** to note the update on the procurement of investment management services and reappointment of Hymans Robertson LLP as presented to the Brent Pension Fund Sub Committee on 20 February 2023.

13. **Exclusion of Press and Public**

At this stage in proceedings the Pension Board was asked to consider whether they wished to exclude the press and public for consideration of the final report on the agenda. Given the following item had been submitted for information and it was felt could be considered without the need to disclose any information likely to be classified as exempt it was **RESOLVED** not to exclude the press and public from the remainder of the meeting.

The meeting then continued in open session.

14. **Employer Exit from the Pension Fund**

The Board received a final report providing an update on the funding position and the process for an employer's exit from the Fund. The Board were advised that the matter had been considered in detail at the Brent Pension Fund Sub Committee on

20 February 2023 with the impact of the employer leaving the Fund not expected to create a significant impact.

The Board therefore **RESOLVED** to note the update provided without any further comment.

15. **Date of Next Meeting**

The Board noted that the provisional dates for the next meetings were as follows, with meetings (at this stage) scheduled to continue online:

- Monday 24 July 2023 at 6pm
- Wednesday 8 November 2023 at 6pm
- Monday 25 February 2024 at 6pm

16. **Any Other Business**

None.

The meeting closed at: 7:11pm

MR. DAVID EWART
Chair