



MINUTES OF THE PENSION BOARD
Held as an online meeting on Monday 24 July 2023 at 6.00 pm

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

ALSO PRESENT (in remote attendance): Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance, Resources & Reform) & John Crowhurst (Local Pensions Partnership Administration).

1. Apologies for Absence

No apologies were received.

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 22 March 2023 were agreed as an accurate record.

4. Matters Arising (if any)

A correction regarding the previous minutes was raised, in which members were advised that the dates for future meetings were 8 November 2023 and 25 March 2024, a meeting was not being held on 25 February 2024.

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 were informed that the report was divided into three sections, 'Pension Administration Performance Update', 'Annual Benefit Statements', and 'Regulatory Projects', which would be addressed in turn. It was explained that the data covered January to March 2023 and therefore was slightly out of date at the time of the meeting. In addition to the Pension Board meetings, members noted that officers and LPP held monthly meetings to review performance and address any issues.

The Board were advised that performance during the quarter, as stated in the previous Pension Board meeting in March, was challenging due to the UPM migration. However, performance was highlighted as improving and members were reminded of the temporary SLA's agreed due to the UPM migration. In concluding

their introduction, Sawan Shah detailed the increase in complaints spanning February to May 2023, with 33 new complaints received since the last Pension Board meeting. Out of the 33 cases, 17 related to delays, 15 related to general service and 1 related to payment. It was acknowledged that the number of complaints were high compared to the historical average, which were mainly due to the challenges in performance following the system migration.

Following the introduction of the report, the Chair welcomed John Crowhurst from Local Pensions Partnership Administration (LPPA), the Council's administration service provider, who provided a verbal update regarding recent pensions administration performance, with the update summarised below:

- The average percentage of cases processed on time was 97% during May, 97% during June and 96% during July. The performance for May to July was above the contractual SLA target of 95% and was largely attributed to clearing historical spikes in workload arising from the UPM migration, with performance now expected to stay around the 95% target.
- The Board were informed that the percentage of retirements active cases currently being processed on time was 90%. LPPA recognised that further improvements could be made in this area, but it was highlighted that the number of retirements active cases were comparatively low meaning that a small drop in performance greatly impacted performance percentages.
- 80% of bereavement cases were currently being processed on time, with cases that included a beneficiary being prioritised.
- The Fund had a significant increase in its Helpdesk wait times with performance of 10 minutes 29 seconds in January, 10 minutes 4 seconds in February and 6 minutes 19 seconds in March, all of which were above the target time of 4 minutes. However, since implementing a new call handling system in March which improved call routing and providing additional training to staff, call times had decreased in recent months assisted by a reduction in call volumes compared to earlier in the year.
- Regarding The Pension Regulator (TPR) data scores, as at 31 March 2023, common data had a total accuracy rate of 96.5% whereas conditional data had total accuracy rate of 89.6%. In addition to quarterly updates, a 12 month rolling trend was being monitored to analyse how data scores moved. The Board were also informed that LPPA were developing a data strategy regarding data controls and the management of data which would be provided to the Board.

After the verbal update, the Chair invited questions from Board Members, with questions and responses summarised below:

- In highlighting the poor performance during quarter four in processing transfers out and refund cases, members were advised that performance during quarter one was 96% for refunds and 87% for transfers out.
- Regarding the expectations of future performance, the Board were informed that performance was now more stable, with mitigations implemented including

initiatives to address staff turnover, training and development. In summary, confidence was expressed that performance should not dip significantly below contractual SLA targets.

- In response to a question relating to the increase in complaints, the Board heard that the majority of complaints were largely due to delays resulting from the spikes in workload that occurred during the UPM migration. The Board were reassured that the complaints team were analysing complaints and the improvements in performance were hoped to reduce the number of complaints being received.

In turning the Board's attention to section 4 of the report, relating to annual benefit statements (ABS), Sawan Shah explained that scheme employers were required to submit an end of year return in order to be able to produce an ABS. Once returns had been submitted, queries needed to be resolved by 31 August each year. The Board were informed that both the Fund and LPPA monitored submissions and outstanding enquiries, with the latest update showing that 10 employers had not submitted their end of year return. While the number of outstanding returns were higher than the Fund would ideally want, it was a significant improvement from last year and the Fund had been in contact with the remaining employers and were confident that the statements would be submitted within the deadline.

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

- In response to a query regarding the attendance of the year end training sessions, members were informed that the exact attendance numbers could be provided after the meeting, but the Board were reassured that the largest payroll providers attended.
- To notify employers where payroll providers had not yet submitted a return, senior staff members in the relevant organisations had been contacted.
- In providing the updated figures regarding the ABS submissions, the Board noted that the outstanding employers were generally the smaller employers, with 98% of statements issued to deferred members and 80% of statements issued to active members as of 21 July. It was also explained that LPPA had launched a facility that enabled employers to submit monthly returns which was said to improve the flow of data between LPPA and employers. Whilst the facility was still new, LPPA received 43% of expected files in April, 39% in May and 32% in June, which was said to be above average compared to other pension funds.
- The Board heard that the move from a yearly return to monthly returns would be a positive step for the Fund, as issues could be resolved faster and more proactively as communication between employers and the Fund would be more regular. However, it was stated that the number of employers submitting monthly returns needed to increase.

As there were no more contributions from the Board regarding ABS's, the Chair thanked Sawan Shah and John Crowhurst for the update and asked that members

were updated at the end of August on the number of statements issued ahead of the Board meeting in November.

In moving to the third and final topic of the agenda item, concerning regulatory projects, Sawan Shah advised the Board that the pension's dashboard had been paused until further notice by the Department of Work and Pensions to allow for a more achievable timeline for the platform to be established. Furthermore, the regulations arising from the McCloud case were expected to come into force on 1 October 2023, with LPPA continuing to work alongside the UPM system provider Civica to develop and implement functionality for the McCloud remedy throughout 2023. LPPA had also issued emails to employers in relation to data requirements for the McCloud exercise.

In providing a verbal update on the progress regarding the McCloud remedy, John Crowhurst informed members that functionality testing was currently on track and employers had been surveyed to confirm their information. Whilst some responses had been received, LPPA were arranging follow up communications imminently. Concerning LPPA's preparedness for the enforcement of the regulations, further training on McCloud was being prepared and the Fund were regularly updated in monthly meetings.

As there were no further questions from Members, the Chair thanked John Crowhurst for the update, and it was **RESOLVED** that the report be noted.

6. Chair's Annual Report

The Chair presented a report that reviewed the work carried out by the Board throughout the last year. To begin, the Chair thanked members and officers for their work and commended the following achievements of the Board during 2022/23:

- The excellent response of officers and partners to the demands of the Triennial Valuation, including the encouraging results.
- The level of service provided, and quality of the data maintained on the funds membership, despite the disruption caused by upgrading the administration system.
- The issuing of annual benefit statements to all members before the statutory deadline of 31st August 2022.

The Chair advised that the above achievements had been repeated in error within section 3.3 of the report, covering issues that required focus looking forward. As a result the Board was advised that whilst 2022/23 had been recognised as a good year, there were a number of issues identified as needing to be addressed looking forward, which were recognised as follows:

- The level of service being provided to the members of the fund which, although generally within target, still had some areas that required improvement.
- The quality of the data held which, although greatly improved, still required additional work.

- Although the level of funding for the 2022 Fund Valuation showed an improved level of funding, standing at 87% which was up from 78% in 2019 and 55% in 2016, this was still considered low.

In thanking the Chair and officers for their work during a challenging year, the Board **RESOLVED** to note the report.

7. **Communications Policy**

George Patsalides (Finance Analyst, Brent Council) presented the report, which provided the Board with the revised Communications Policy for the Brent Pension Fund. It was explained that the Communications Policy was designed to ensure that all key stakeholders were kept informed of developments within the Pension Fund and through the appropriate medium. As the Policy was last updated in 2019, it was deemed an opportune time to update the statement, with officers considering any relevant changes within the LGPS in addition to providing further clarification on employer responsibilities. The Board noted that the full Policy was attached in Appendix 1 of the report, with the following changes to the document:

- Updates had been made throughout the document to account for the move from Altair to Civica's UPM and LPPA's PensionPoint self-service.
- An update had been made to include Section 7, which listed relevant staff contact details for members to direct queries and receive support.

The Chair then welcomed contributions from members, with the subsequent questions and comments raised:

- In response to a question regarding the responsibility for implementing the Communications Policy, the Board were advised that the main responsibility fell within the Finance team.
- Members highlighted that some sections of the document still referenced the old Altair system, with officers reassuring the Board that required corrections would be made.

With no additional comments from members, the Board **RESOLVED** to note the updated Communications Policy outlined in Appendix 1 of the report.

8. **Pensions Administration Strategy**

George Patsalides (Finance Analyst, Brent Council) introduced a report that detailed the revised Pensions Administration Strategy for the Brent Pension Fund. The aim of the strategy was to ensure that both the Fund and its employers were fully aware of their responsibilities under the Scheme and to set acceptable levels of performance. The Strategy was last updated in 2021 and thus it was necessary to review the document to ensure it was best placed to achieve its aims. As the delivery of the administration service relied on joint working between a number of stakeholders, the Board heard that it was imperative that the Fund consulted with stakeholders to promote good working relationships, improve efficiency and ensure agreed

standards. Consequently, consultation would commence following the Board meeting, in which a draft strategy would be sent to employers and presented at the employer forum in November 2023 for feedback. In concluding their introduction, George Patsalides outlined the key changes to the Strategy:

- An update had been made to Section 3.3, Administering Authority Functions, which outlined the new KPIs and timescales to which tasks must be completed.
- Updates had been made throughout the document to account for the move from Altair to Civica's UPM and LPPA's PensionPoint self-service.
- An update had been made to Section 4, Staff Charging Schedule, to reflect inflation as well as updated costing measures.

Following the introduction of the report, the Chair opened the discussion to Board members, with questions and responses summarised below:

- In providing the context as to why the Fund had not levied charges against employers for non-compliance, the Board were advised, as explained within the report, that the preferred approach was to work with and support employers through additional training and engagement and the levying of fees therefore regraded as a last resort. It was, however, retained as a measure that could be used within the Strategy and formed part of The Pension Regulator's best practice guidance.
- Regarding consultation on the Strategy, the Board noted that the main stakeholders were employers, who were being consulted through a number of methods, with the other stakeholders largely being members of the Pension Board.

With no further contributions from members, the Board **RESOLVED** to note the revised Pension Administration Strategy and planned consultation with employers.

9. Risk Register

Carlito Rendora (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 no new key risks were added to the Register and updates to the document were detailed in paragraph 3.6 of the report, which included renaming the impact of covid-19 to the impact of future pandemics and updating review dates.

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

- The Board commented that the risks to the Fund were comparatively lower than corporate risks to the Council, with the highest risk relating to annual benefit statements.

- Regarding the impact that strikes would have on the Fund, the Board were advised that cash flow may be impacted in the short term, however, the long-term impact would be minimal. Furthermore, it was explained that strike action would not count towards an individual's pension contributions unless it was bought back, which was optional. Potential impacts on an individual's pension could be explored using LPPA's online pension calculator.
- In response to a query concerning how employers managed data security, members were informed that employers had their own risk registers regarding data security. However, the Fund could consider asking employers to evidence their data security requirements.
- Regarding potential risks arising from Artificial Intelligence (AI), the Board heard that the private sector often led on technological innovations such as AI, although the Fund and LPPA were planning on implementing further automation to assist with common queries from Scheme members and to direct customers to self-help guidance.
- In response to a question on the impact that pension opt-outs had on the Fund, it was explained that officers regularly undertook cashflow modelling to review the impact of changes within the membership. Officers had noticed that since the cost-of-living crisis there had been an increase in opt-outs, however, the number of opt-outs were relatively small and the impact was not considered as significant.
- Officers noted the comments by the Board regarding references to the old Altair system.
- In response to a query concerning the necessity of including the risk relating to future pandemics and the suggestion of including risks relating to climate change, members were advised that the impacts of covid-19 were still ongoing and thus it was recommended to include the risk relating to pandemics. Officers also noted the suggestion on including risks relating to climate change.

The Board welcomed the report and as no further issues were raised it was **RESOLVED** to note the update including the key changes set out in section 3.5 of the report.

10. **Local Government Pension Scheme Update**

Sawan Shah introduced a report that provided 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:

- On 30 March 2023, the Department of Work and Pensions (DWP) published its 2023 review of the State Pension age. The State Pension age was currently age 66 and was planned to rise to age 67 between 2026 and 2028, before rising again to age 68 between 2044 and 2046.

- On 29 March 2023, the Scheme Advisory Board (SAB) published a report on the gender pensions gap in the LGPS from the Government's Actuary department. The report provided an initial overview of the gender pensions gap in the LGPS, based on data from the 2020 scheme valuation. The report showed that the difference between men and women as to their accrued benefits in the Local Government Pension Scheme was 34.7% for benefits in the reformed CARE scheme and 46.4% for benefits in the legacy final salary scheme (in favour of men). However, the Board noted that the findings needed to be interpreted with caution and further work would be undertaken to understand the data and investigate causes, in addition to considering possible next steps.
- The Department for Levelling Up, Housing and Communities (DLUHC) published its consultation on proposals relating to the investments of the LGPS on 11 July 2023. This consultation sought views on the areas of asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments. The Board were informed that a summary of the proposals was included in Appendix 1 of the report and the consultation would close on 2 October 2023.

Following the update, members were invited to raise any comments or questions, with questions and responses summarised below:

- The Board requested that a report regarding the consultation on the proposals relating to investments be presented at the next Board meeting on 8 November.
- Regarding the impact that the increase of the state pension age would have on the Fund, members were informed that the Pension Scheme was linked to the state pension age, meaning that an increase in the state pension age increased the date on which members were entitled to an unreduced pension.
- In response to a request to annually update the Board on the gender pension gap, the Board were informed that officers could explore the obtainability of the data and if accessible then updates could be provided. If the data could not be obtained, members would be updated when possible, using data from the Scheme Advisory Board.
- In light of the Government proposal to require a 10% allocation in UK private equity, the Board heard that the Fund were currently running down their allocations in private equity and no new allocations had been made in recent years. If the proposals were to be enacted, the Fund would have to re-evaluate its investment strategy. Moreover, it was explained that the consultation showed that the Government wanted UK investments to drive domestic growth, which could pose a challenge to the Fund as UK investments would need to be identified that met the Fund's risk/return levels.

In thanking Sawan Shah for the update, the Board **RESOLVED** to note the recent developments in the LGPS, as detailed within the report.

11. Investment Monitoring Report – Quarter 1 2023

Before moving on to remaining items on the agenda the Chair reminded Board members that agenda items 11, 12, 13, 14, and 17 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 Brent Pension Fund Quarter 1 Investment Monitoring Report, which reviewed the Fund's performance over the first quarter of 2023. Members noted that the key headline was that the value of the Fund increased by 2.7% over the quarter, largely due to the strong performance in global equities. Performance over a 3 year period was also said to be positive, outperforming the benchmark and growing 8.7%.

In noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 27 June 2023 and covered monitoring performance up to 31 March 2023, the Board **RESOLVED** to note the Quarter 1 Investment Monitoring Report without any further detailed comment.

12. **Investment Strategy Update**

The Board received a report which provided an update on the steps taken to transition to the investment strategy agreed at the Brent Pension Fund Sub-Committee meeting on 20 February 2023. In response to a query regarding targets to reduce carbon emissions, the Board were advised that the Fund was undertaking a market review of its main global equity holding to determine whether the Fund could continue to access global equity markets whilst also achieving a reduction in its carbon emissions. A workshop with Sub-Committee members was planned to develop a framework with the view of selecting one or two funds to replace the current LGIM global equity mandate.

With no further issues raised it was **RESOLVED** to note the update as presented to the Brent Pension Fund Sub Committee on 27 June 2023.

13. **Draft Pension Fund Year End Accounts 2022/23**

The Board received a report that presented the draft Pension Fund Annual Accounts for the year ended 31 March 2023. The Board were informed that total contributions received from employers and employees was £68m for the year, an increase on the previous year's £64m. Moreover, total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, was £48m, an increase on the previous year's £47m. Overall, the pension fund was in a positive cash-flow position because its contributions exceed its outgoings to members. To conclude the update, members were advised that the accounts had not been formally published, with auditors currently undertaking fieldwork. Although no issues had arisen at the time of meeting from the fieldwork, the Board would be informed once the audit had been completed, with the approval of the accounts resting with the Council's Audit and Standards Committee.

Following the update, members were given the opportunity to raise any comments or concerns, with questions and responses summarised below:

- In response to a question concerning whether there had been an increase in requests for early drawdown and what impact this had on the Fund, members

heard that an increase in early retirements occurred at the start of the pandemic, but the cost-of-living crisis was now likely delaying retirement for many. The Board also noted that upon early retirement yearly payments were reduced to reflect the payments occurring over a longer period of time. Whilst recognising that a large increase in early retirements would negatively impact the Fund's cashflow position, officers regularly monitored cashflow and the likely impacts of numerous scenarios. Thus, the current impact of early drawdowns was not significant.

In thanking the efforts of the Finance team for ensuring that the Fund's accounts were successfully submitted for audit on time, the Board **RESOLVED** to note the report.

14. **Local Authority Pension Fund Forum Engagement Update**

The Board received an update on engagement activity undertaken by the Local Authority Pension Fund Forum (LAPFF) on behalf of the Fund. It was explained that the Fund's commitment with LAPFF and its work demonstrated commitment to Responsible Investment and engagement as way to achieve its objectives.

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

15. **Meeting Dates for 2023/24**

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

- Wednesday 8 November 2023 at 6pm
- Monday 25 March 2024 at 6pm

16. **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 that it could be considered without the need to disclose any information 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.

17. **London CIV Update**

The Board received and noted, without further comment, a report that provided an update on recent developments regarding Brent Pension Fund investments held within the London CIV

18. **Any Other Business**

Before closing the meeting, the Chair requested that officers explore whether future dates of meetings could be planned around the monitoring periods of quarterly updates to ensure that the data was more recent and therefore relevant.

The meeting closed at: 7:14pm

MR. DAVID EWART
Chair