



Pension Board
08 November 2023

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

Pension Administration Update

Wards Affected:	All
Key or Non-Key Decision:	Non key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
List of Appendices:	Two: Appendix 1 - Q1 2023-24 Performance Report Appendix 2 - Internal Audit – Terms of Reference
Background Papers:	Not applicable
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1.0 Executive Summary

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

2.0 Recommendation(s)

2.1 The board is asked to note the report.

3.0 Detail

3.1 This report reviews the performance of the LPPA against agreed Service Level Agreements (SLA's) during the period April to June 2023 (Quarter 1) augmented by interim reports for July and August 2023.

3.2 Contribution to Borough Plan Priorities & Strategic Context

3.2.1 The work of the Pension Fund is critical in ensuring that it undertakes statutory functions on behalf of the Local Government Pension Scheme and complying with legislation and best practice. Efficient and effective performance and service delivery of the Pension Fund underpins all Borough Plan priorities.

3.3 Background

3.3.1 It is important to note that the Local Pensions Partnership (LPP) has migrated both its pension administration system and its workflow system to UPM.

3.3.2 This is an extremely complex and resource consuming process that would disrupt any pension administration team and it will inevitably impact on service delivery. The comments below should be viewed through the lens of this migration.

3.3.3 The service delivered by the LPP has fallen below the standards they set themselves and they are committed to improving their performance. The Pension Administration Team (PAT) hold monthly meetings with the LPP to monitor their performance in individual months and against trends across several months.

3.3.4 At the time of writing, the quarterly performance report for quarter 2 (June – September 2023) has not yet been produced, this report is based on the report issued for Quarter 1 (Appendix 1) and the interim reports submitted for July and August.

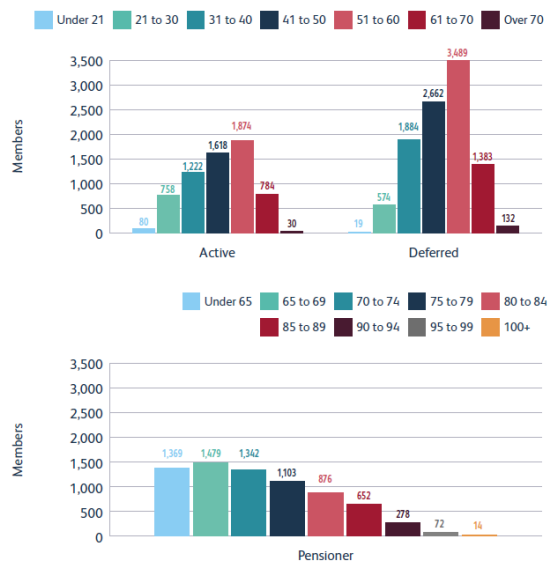
LPPA Quarter 1 performance report

3.3.5 Brent Pension Fund had 23,694 members at 30th June 2023 of which:

- 6,366 were active members
- 10,143 were deferred members, and
- 7,185 were pensioner and dependant members.

3.3.6 Figure 1 shows the current age demographic of the Brent Pension Fund members. This is broken down between active, deferred and pensioner members.

CURRENT AGE DEMOGRAPHIC CLIENT SPECIFIC

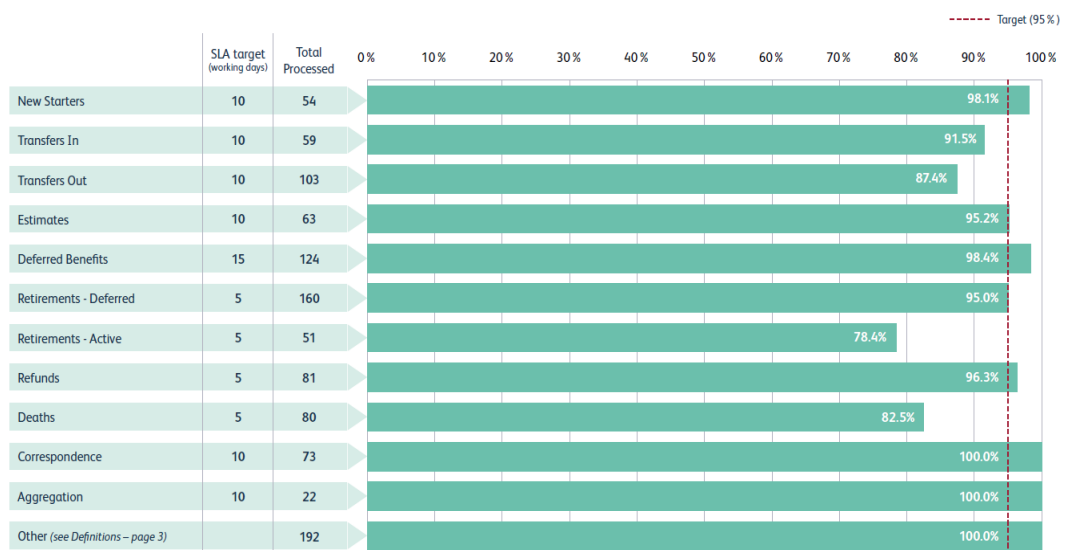


3.3.7 This shows that the most of working age active members fall into the 31 to 60 age groups while, as would be expected, 51-60 is the cohort with the highest number of deferred members.

3.3.8 For pensioner and dependant members, the numbers in the 65-75 banding are broadly the same before progressively declining gently with age.

3.3.9 Although the average percentage of cases processed on time was only 87.8% in April, it subsequently improved to 96.8% in May and 96.9% in June, both of which were within SLA.

3.3.10 Figure 2 provides detail on the number of cases that have been processed grouped by category.



- 3.3.11 The Casework metric shows that performance was largely good, apart from transfers-out (87.4%), retirements from active status (78.4%) and deaths (82.5%). The Fund is disappointed with performance in relation to retirements and deaths because they should be the LPPs top priorities, and these processes should not be underperforming the less critical work. Officers have raised these concerns with the LPPA in reports for the Local Pension Board, at our regular performance monitoring meetings and at the Client Forum.
- 3.3.12 The Helpdesk call performance graphic measures the average wait time and calls answered. The number of calls received declined by (roughly) 5% and the average wait time fell to between two and four minutes over the quarter, which is within the target (four minutes). Although this statistic shows a marked improvement, 26% of callers waited between 5 and 15 minutes for a reply.
- 3.3.13 The Helpdesk implemented a new call handling system in March which allows improved call routing. This enabled the LPPA to train additional Helpdesk advisors and reduce the average wait time. This appears to be driving improvements in the first quarter as average wait times are within the target time of 4 minutes.
- 3.3.14 Helpdesk satisfaction fell to 71% over quarter 1 because many respondents felt that their query was not answered satisfactorily. Unfortunately, this appears to suggest that the improvement in the time taken to answer calls has been achieved at the expense of quality.

Complaints

- 3.3.15 Since the last Pension Board, 22 new complaint cases have been received, a decrease on the 33 reported to the board at its previous meeting. The number of complaints received by month and analysed by case type is shown in table 2 below. It is acknowledged that levels of complaints are high compared to the historical average and this is due to the challenges in performance following the system migration however complaints volumes trended downwards during the period.

Table 2: Complaints Received by Month

Month	Delays	General Service	Total
June 23	6	5	11
July 23	5	2	7
August 23	2	2	4
Total	13	9	22

- 3.3.16 No Internal Dispute Resolution Procedure (“IDRP”) complaints were received during the period and one IRDP case was concluded. 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.

The Interim Performance Reports for July and August

3.3.17 The LPP performance metrics for this period are variable, and the four areas reported on were as follows:

Retirements from Active Status

3.3.18 The LPP completed 95.2% in July and 91.7% in August. The performance has been uneven and, although it is generally trending in the right direction, it only hit SLA (95%) in July.

Retirements from Deferred Status

3.3.19 This process has shown a slight but steady decline. Performance was 94.5% in July and 93.2% in August.

Bereavements

3.3.20 The LPPs performance has been challenging and it achieved, 77.8% in July and 68% in August and it did not hit SLA during this period.

3.3.21 Bereavements should be the LPP's top priority and a decline from a modest level of performance is disappointing.

3.3.22 The LPP has suggested that *“August's performance for bereavements was adversely impacted by completing cases that had already failed SLA”*. The Quarter 1 metrics show that there is a backlog of death cases and this comment acknowledges that clearing them may impact on the percentage of cases completed within SLA.

Overall Performance

3.3.23 Marginal declines in overall performance are to be expected from time to time; however, it is worth noting that the LPP is achieving better statistics in routine processes across the board than they are in the handful of key processes that they report on.

UPM

3.3.24 The second stage of the UPM performance improvement plan was delivered in July with a further software release from Civica to enhance performance and weekly meetings are scheduled to take place that include a standing agenda item on performance.

McCloud

3.3.25 The LPP advises that the date for UPM system readiness is not yet confirmed and Civica are preparing the necessary fixes and undertaking the required testing.

3.3.26 The LGA has advised practitioners that the software providers are struggling to keep up with the changes, although some are doing better than others. Currently, cases are being processed as normal while system functionality is awaited and cases will be revisited subsequently once the system has been updated.

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

Performance Metrics

3.3.28 The interim Metrics that the LPP provided for June, July and August are very narrow as they only report on three critical processes and an overall performance figure.

3.3.29 Brent understands that the LPP is facing several challenges and it serves no purpose to divert finite resources from case handling to deliver better performance reporting.

3.3.30 Nonetheless, the key to delivering a high-quality pensions administration service is metrics and there must be a long-term goal of delivering accurate performance measurement and enhanced transparency.

An Insight into Performance Metric Models

3.3.31 There are several methods of measuring performance and the LPP has agreed to show the PAT the matrix behind its performance figures so that it can understand how they are calculated.

3.3.32 It may be helpful to draw the Board's attention to two of the models commonly used so that it can understand the differences and their potential strengths and weaknesses.

3.3.33 The standard model that is usually employed reports on the number of cases completed within SLA during a period divided by the number of new cases received in the same period. This can be enhanced by measuring the average time it takes to complete a case at calendar length.

3.3.34 The additional calendar length metric is designed to prevent manipulation of the figures by misusing the "wait" facility on the administration system. It is based on the rationale that a few cases will take a long time to complete but if most of the cases significantly exceed SLA, it is a strong indication that the "wait" ("parked") facility is being misused.

3.3.35 It is very important to have visibility of the matrix behind the figures as inferior models have been advanced by reputable bodies.

3.3.36 For example, a model was presented to the LGPS Technical Group (about) three years ago that ignored the volume of work received and concentrated on dividing the cases completed within SLA by the number of cases completed instead.

3.3.37 This model is suboptimal for several reasons:

- 1) no matter how many new cases were received in a period, if the contractor only completed one case they would score 100% as long as that case was completed within SLA,
- 2) Once a contractor has completed all the new cases there is no incentive to complete older ones as they reduce the (notional) percentage completed within SLA,
- 3) It encourages contractors to focus on new cases and leave the old ones to wither and
- 4) It is open to manipulation and incentivises bad practice.

3.3.38 Pensions administration is seasonal work (very few pensioners pass away in the summer) and effective metrics help the manager to target their resources efficiently and identify any pinch points.

4.0 Annual Benefits Statement

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 Brent provided annual benefit statements (ABS) to 95% active members and 99% for deferred members. The main reason for an ABS not being produced is that employers had not completed the end of year return in time or there was an outstanding query from the year end return.

4.3 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 5% shortfall in active members' ABS is not considered material as Brent is taking positive steps address the exceptions. Steps the Fund has taken include:

- Officers have been monitoring the situation and proactively working to rectify this issue as soon as possible.
- Vigorously pursuing employers who have been slow to submit monthly contribution returns.
- Significantly overdue returns are being escalated to senior management at employers.

- Implementing monthly contributions returns to eliminate the possibility of employers not submitting an annual contribution return, which has been biggest single issue.
- Encouraging employers to change their payroll providers where performance is falling short.
- The Fund will consider using the powers set out in the Pensions Administration Strategy where employers are not complying with the standards expected.

5.0 Internal Audit

5.1 An Internal Audit of the Pension Fund's arrangements regarding the monitoring of the pensions administration contract and the collection of pension contributions is currently taking place. It is normal practise for an Internal Audit to take place on the Fund at least once a year on matters it considers high risk or areas that have not been reviewed in previous years.

5.2 The objective of the audit is to provide assurance on the effectiveness and robustness of the control framework for the Council's arrangements for the pensions' contributions management process. The audit will focus on key controls in place in relation to the following processes:

- Roles and responsibilities and monitoring of the SLA
- Contribution data - employer and employee
- Contribution receipts
- Monitoring and reporting

5.3 The Terms of Reference is attached in Appendix 2. The audit is expected to conclude at the start of December 2023 and the results will be reported to the next Pension Board meeting.

6.0 Stakeholder and ward member consultation and engagement

6.1 This is not applicable to this report.

7.0 Financial Considerations

7.1 There are no specific financial implications associated with this report.

8.0 Legal Considerations

8.1 There are no specific legal considerations arising from this report.

9.0 Equality, Diversity & Inclusion (EDI) Considerations

9.1 There are none directly arising from this report.

10.0 Climate Change and Environmental Considerations

10.1 There are none directly arising from this report.

11.0 Human Resources/Property Considerations (if appropriate)

11.1 There are none directly arising from this report.

12.0 Communication Considerations

12.1 None that are applicable to this report.

Report sign off:

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