



DRAFT MINUTES OF THE PENSION BOARD
Held as an online meeting on Thursday 7 November 2024 at 6.00 pm

PRESENT (in remote attendance): David Ewart (Independent Chair), Councillor Kabir and Councillor Tazi Smith (Employer representatives), Chris Bala (Pension Scheme Member representative) and Bola George (Member representative - Unison).

Also present (in remote attendance): Emma Hebblethwaite (Senior Operations Manager LPPA) & Michelle Waldermar (LPPA).

1. Apologies for absence

An apology for absence was received from Robert Wheeler (Member representative - GMB).

2. Declarations of interests

David Ewart (as Independent Chair) declared a personal interest as a member of CIPFA.

No further declarations were made during the meeting.

3. Minutes of the previous meeting

The minutes of the previous meeting held on Tuesday 3 September 2024 were **AGREED** as an accurate record.

4. Matters arising (if any)

None.

5. Pensions Administration Update

John Smith (Pensions Manager) introduced the report, which updated the Pension Board on various pension administration matters as part of its remit to oversee the administration of the Brent Pension Fund. The Board was advised that the update included a review of performance against agreed Service Level Agreements (SLAs) for Q2 (July – September 24) with a brief overview provided on Fund membership, which as of 30 September 24 comprised 6,452 active members, 10,158 deferred members and 7,528 pensioner and dependant members. The Board's attention was drawn to the high number of deferred members recorded, which members were advised had been subject to review and it was noted had been impacted by figures including refunds and benefits.

In focussing on overall performance during Q2 the Board was advised that this remained high overall with 98.4% (July), 98.1% (August) and 98.2% (September) of all case types being processed, meeting contractual SLA targets as detailed in section 3.4.7 of the cover report. The Fund's perception was that the service was

continuing to improve, with it noted that only transfers-out (93.4%), which were identified as less critical, had fallen below SLA (95%) and Figure 2 in the cover report providing detail on the number of cases that had been processed grouped by category. Performance in relation to complaints and Helpdesk call performance had also remained strong.

Following introduction of the report, the Chair welcomed Emma Hebblethwaite from LPPA, the Council's administration service provider, who provided a further detailed update regarding recent pensions administration performance, summarised below:

- Members were informed that overall operational casework performance remained positive for Q2, with a performance average of 98.2% against SLAs. It was noted that nine cases relating to Transfers Out had missed the target SLA with the issues identified as a result having now been resolved.
- In noting the performance update in relation to ongoing casework, the Board received an update on the work being undertaken in relation to Active to Retirement processes including the number of retirement notifications received on time v those notifications received late, number of on time notifications processed within target and performance in relation to late notifications processed. In terms of issues impacting on performance members were advised of the additional requirements in relation to members with Additional Voluntary Contributions (AVC) and ongoing work with employers to promote the need for the submission of information on a timely basis to support the processing of cases.
- In terms of LPPA contact centre calls performance, the average wait time had consistently been under the target of 4 minutes, with an average wait time over Q2 of 2 minutes 16 seconds.
- In terms of Customer Satisfaction scores, members were reminded that Contact Centre satisfaction now included overall satisfaction scores as well as for the individual call handlers, which was typically higher than the overall score, with scores for Q2 at 92.2% and 75% respectively and customer feedback subject to ongoing monitoring to support staff development and training. It was noted that an increase in call waiting times had seen a slight reduction in overall satisfaction during September. The Q2 Administration report had also included satisfaction scores for retirements, although it was noted that these scores had been impacted by a majority of those surveyed not having responded with low response rates increasing volatility. Of those who had responded customer satisfaction was 22.2% for actives into retirement and 77.3% for deferred into payment.
- Regarding complaints, members were informed that numbers remained on a downward trend with 14 new cases having been received since the last Board meeting, representing a rate of 4.6 per month. Whilst no Internal Dispute Resolution Procedures ("IDRP") were received in Q2 with one outstanding case having been determined along with a Pensions Ombudsman case in September, Brent and LPPA continued to take action to ensure that IDRP cases were resolved swiftly. However, the complex nature of some cases meant that it was not always possible resolve these quickly, with each case

also reviewed following completion to ensure any lessons were learnt and, if necessary, processes and procedures were amended. As at the 6 November 24 the Board was advised that there were five open cases all listed at Stage 1 with the main cause being identified as delays experienced in casework.

- In terms of LPPA Project updates the Board noted the progress being made in relation to the Efficiency and Service Improvement Program (ESIP) following the transition to the new Pension Administration System which members were advised had been focussed on delivering automation and improved self-service capability. This included 9 projects in flight with the automation of Deferred Retirement Quote having been launched in July and work underway on similar functionality for active members. Other activity included work to improve the monthly returns process and the member and employer online portals. Reference was also made to the work being undertaken in partnership with Civica and Intellica on a data project to improve data quality ahead of valuation and the introduction of the Pensions Dashboard with the creation of test environments now complete and Data Validation Checks being used to check the integrity of member data having also been scoped and built and the results due to be shared in Q3. The project would include the production of a series of dashboards to provide clear visibility of the integrity and accuracy of the data held to comply with regulatory change and enable the launch of further self-service and automation for members and employers.

Following the update, the Chair invited questions from Board members, with questions and responses summarised below:

- In response to a query regarding the notice required by employers prior to an active member retirement to enable payments to be made within 30 days of that retirement date, the Board was advised this was a target set by LPPA with the aim of seeking to avoid any break in payments. The target was regarded by LPPA as practicable and realistic, but performance would also need to take account of other issues such as AVC payments needing to be resolved. In terms of the 30 day notice required from employers, whilst challenging and non-contractual this was felt to represent good practice.
- In seeking an update on the nature of outstanding casework identified, confirmation was provided that none of the cases involved issues of significant concern with most relating to their cycle in the system and awaiting the supply of additional information before they could be progressed. Cases likely to impact on valuation continued to be actively focused on, such as deferred benefits and refunds or where a members status had changed.

The Board then moved on to consider the details and update provided in relation to progress on Annual Benefit Statements (ABS), with the statutory requirement for these to have been issued to all eligible active and deferred members by 31 August annually. The Board was reminded on the requirement for scheme employers to now submit monthly returns to enable preparation of the ABS within the required timescale. Given the move to monthly returns, officers had been closely monitoring return submissions. A range of employer training sessions had also been delivered to support them in the submission of their returns and resolution of any queries. Regarding the current position, the Board were advised that (with the exception of four) all active employers (up to April 2024) were up to date with their submissions.

It was noted that the four unable to submit monthly returns had been able to submit an annual return, with work continuing to promote the benefits of the monthly return process in order to ensure the Fund remained in a good position.

In terms of the current position in relation to the production of the Annual Benefit Statements, Emma Hebblethwaite advised that of the active members the Fund had been able to produce 97.1% of statements. For deferred members this had been 99.9% which had shown an incremental improvement over the 95% for active members and 99% for deferred members in 2022-23.

Having invited questions from Board members, the following issues were raised and responses provided:

- Referring to performance in relation to the production of ABS for active members further details were sought on whether the statements it had not been possible to provide related to issues with specific employers or a more general issue. Officers confirmed that no specific trends had been identified, with the process felt to have gone well overall and those that had missed the deadline not considered to be material or a reportable breach on the basis that performance had still exceeded 95% and improved when compared to 2022-23. Officers had, however, continued to monitor the situation and proactively work with employers to ensure returns were being submitted on a monthly basis with those where performance had fallen short encouraged to change their payroll providers and the Fund able to use the powers set out in the Pensions Administration Strategy where employers were felt to continually not be complying with the standards expected.

Turning the Board's attention to the final part of the update, John Smith (Pension Manager, Brent Council), then moved on to update members on progress with the migration of Brent's current in-house pensions payroll to LPPA's UPM system, which had been agreed by the Council's General Purposes Committee in April 2024. In terms of progress, the Board was advised of the improvement achieved in the Fund's conditional data as a result of the data cleanses which had been required to facilitate the migration with the first data cut submitted in September 2024 and the subsequent parallel run having been successfully completed and signed off. Preparations for the second data cut and parallel run were now underway, which was due to be undertaken in November 2024, with communication material for members pre and post migration having also been agreed along with the General Ledger reporting requirements for the monthly payroll and requirements for single payments also being finalised. Details were currently awaited from HMRC on the set-up of a new PAYE reference for the pension fund with NatWest also in the process of providing a new BACS service user number. The Board was advised that the expected rollout of the system was still planned for January 2025 with the project being managed by a dedicated project manager at LPPA, working closely with officers from Brent's pension and payroll team and Civica and the high-level project timetable provided in Appendix 2 of the report.

The Board was also advised on progress being made in relation to the McCloud remedy with LPPA having now placed eligibility flags on all records that had been identified as being within scope for the remedy. This had included applying the underpin and calculating benefits for active members retiring with an eligibility flag, and whose data had been verified as being correct. The Board noted that where

the underpin had been applied, early results had shown that the underpin was driving a small increase in benefits (£300 p.a. on average) involving a small percentage of cases (4%) impacting on members who had received a salary increase in the remedy period. At the same time significant increases had also been identified in affected transfer values, which it appeared were attributed to the lower retirement ages in the final salary scheme and, consequently, higher factors.

As a final update, the Board was advised that work was progressing well on the transition to the Pension Dashboard which all Public sector schemes were required to connect to by 31 October 2025. LPPA had a dedicated project manager in place with a current focus on systems requirement (including the rules for partial matching of records and the treatment of AVCs) and business readiness, including dealing with new enquiries relating to dashboard.

In thanking Emma Hebblethwaite and John Smith for the update, the Chair commended the progress outlined and with no further comments it was **RESOLVED** that the report be noted.

6. Risk Register

Sawan Shah (Head of Finance, Brent Council) introduced a report, presenting the updated Risk Register for the Brent Pension Fund Administration Service. In considering the report, members noted the changes previously agreed in relation to the updated Risk Strategy (attached as Appendix 2 to the report) and key changes made to the Risk Register (attached as Appendix 1 to the report) since the previous update which included:

- Item 1.1 Business Continuity – the update of supporting commentary
- Item 3.1 Scheme Data – an expansion of controls listed
- Item 3.2 Record Keeping – the update of a supporting comment to reflect recent data cleanse activity
- Item 3.5 Pensions Payroll Migration – the update of a supporting comment to reflect recent activity
- Item 3.6 Re-enrolment – the update of a supporting comment to reflect the Re-enrolment exercise currently taking place
- Item 4.2 Annual Benefit Statements – the risk of likelihood being lowered and an updated comment following the 2024 exercise
- Item 4.4 Monthly contribution returns – the update of a supporting comment
- Item 5.4 Governance – the update of controls listed
- Item 5.5 Discretions – an update of the risk outline and supporting comments
- Item 6.5 Annual Audit – the update of a supporting comment to reflect progress on the audit of the financial statements

In thanking Sawan Shah for the overview, the Chair welcomed comments from Board members. Contributions, questions, and responses were as follows:

- Further details were sought on the potential impact arising from the outcome of the US Presidential election in relation to the geographical and economic risk in relation to investments (Risk 6.2) included on the register. In response, assurance was provided of the work being undertaken by officers in conjunction with the Fund Investment Advisors to actively monitor these

impacts and adjust the Fund investment strategy as required. Members were also reminded that the Fund held a well-diversified investment portfolio, which included a mixture of growth, income, and protection assets based on professional advice and was therefore able to take a longer term view in relation to investments avoiding over exposure in any one specific market or to shorter term market volatility with quarterly updates on investment performance also provided for the Pension Fund Sub Committee and Board subject to regular monitoring.

- Further clarification was sought on the integration between the Risk Strategy and Risk Register as a means in supporting the scheme manager in identifying and managing scheme risks and how this was incorporated within the Register presented to the Board including the details provided on the strategy (in terms of controls and mitigations) in place to control those issues identified with the highest risk ratings on an ongoing basis such as cyber security. In response, members were advised that the Strategy had been subject to a detailed review and update with the outcome and changes made as a result presented to the Board at their previous meeting in September 2024,. In providing further clarification on the way in which risks included within the register were assessed and scored in relation to their impact and likelihood based around financial, service and reputational impact members were advised of the process and strategy followed to ensure these risks were kept under continual review recognising that whilst possible to mitigate against particular aspects often the nature and inherent likelihood of the risk would mean they would need to remain ranked as high.

The Board was advised that comments on presentation of the Register would continue to be welcomed including on the review of any risk classifications or if it was felt any new or emerging risks needed to be considered.

The Board welcomed the report, and as no further issues were raised, it was **RESOLVED** to note the overall report, including the key changes to the Risk Register (as detailed in Appendix 1 and set out in section 3.2.4 of the report).

7. Local Government Pension Scheme Update

John Smith (Pension Manager, Brent Council) introduced a report that updated the 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 terms of key updates, the following issues were highlighted:

- The call for evidence published as part of the first phase of the recent pension review announced by the government, which had included consideration of measures to accelerate asset pooling and increasing Local Government Pension Scheme (LGPS) funds investment in 'productive finance'. The response submitted by the LGPS on behalf of the Local Government Association (LGA) had been attached as Appendix 3 to the report supplemented by a response from the Scheme Advisory Board (SAB) attached as Appendix 4 of the report. The second stage of the review was expected to include consideration of pension adequacy, fairness and the consequences of the gender pensions gap.

Guidance had also been published regarding the LGPS fund account return with the information used to provide a benchmark on administration and fund management, compiling the national accounts and illustrate the role of the LGPS in the economy.

- Publication of a report by the Government Actuary's Department (GAD) to the Ministry of Housing, Communities and Local Government (MHCLG) on the 2022 fund valuations, which had examined how fund valuations had delivered against the aims of compliance, consistency, solvency and long-term cost efficiency. The analysis had found the LGPS to be in a strong financial position with many funds in surplus with GAD making recommendations for the Scheme Advisory Board to consider including whether greater consistency could be achieved to allow easier comparison between funds and to refine the climate change principles in advance of the future valuations.
- In terms of more general updates, the Board were advised that the Government was considering extending the Fair Deal to local government including pension provision for councillors. MHCLG had also signalled their intention to address discrimination by removing the age 75 limit on death grants and giving widower's pensions parity with widow's/same sex partners following the Goodwin ruling in the Teachers' Pensions Scheme. Moving on the Pension Dashboard the Pensions Regulator had now published its Pensions dashboards compliance and enforcement policy, in response to a consultation, and updated breach of law guidance. As a result, Brent would be reviewing its own policy with schemes expected to connect to the dashboard eco-system in line with the Department for Work & Pensions staged timetable designed to reduce delivery risk to industries and test software to ensure a successful launch.

The Chair thanked John Smith for the comprehensive update provided and then welcomed contributions from members, with comments raised summarised below:

- Referring to reference within the August 2024 LGPC Bulletin (attached as Appendix 1 of the report) to the recent Government focus seeking to encourage UK pension schemes to invest more in the UK economy, further clarification was sought on the Canadian model cited as an example. In response officers advised the Government's interest was focussed on the potential for pension funds to boost investment on infrastructure within the UK based on an approach which had sought to pool the use of direct investments and management of assets between eight Canadian pension schemes (referred to as the Maple-8) in productive assets and vital infrastructure within the Canadian economy. Views were being sought on the approach as part of the recent call for evidence under the wider pension review with further specific details awaited from the Government and the Board recognising the advantages of the Funds well-diversified investment portfolio in reducing exposure to market volatility and risk.
- In relation to the approach adopted towards the diversification of investment and focus on commercial property funds, further details were sought on any anticipated longer term impacts arising from the pandemic on that sector. In response officers advised that it was common practice for most LGPS Funds

in managing a broad and diversified portfolio of investments to include a commercial property allocation. Whilst recognising the current challenges in terms of performance within the commercial property investment sector, members were assured that whilst Brent held investments in Commercial Property Fund Managers (with a suitable offer not currently available through the London CIV) the Funds exposure remained lower than many other schemes.

With no additional issues or comments raised, the Board welcomed the update provided and **RESOLVED** to note the overall report and recent developments outlined in relation to the LGPS.

8. Training Update

Sawan Shah (Head of Finance, Brent Council) introduced the report, which provided an update on the provision of the Local Government Pensions Scheme (LGPS) online pensions learning facility. As context, members were reminded that as part of the Fund's Training Strategy, all those involved in the governance of the Fund were expected to be able to evidence they had the knowledge, skills and commitment to carry out their role effectively. In order to support members in meeting this requirement, the Fund had subscribed to the LGPS Online Learning Academy (LOLA), which included eight modules designed specifically for the Pension Fund Sub Committee and Board Members, with progress by members in terms of the completion of each module set out within section 3.7 of the report.

In welcoming the progress made, the Board noted the training plan had been adapted to accommodate new members of the Board with the updated plan and timescales for completion of the required modules detailed within Appendix 3 of the report. Members were encouraged to ensure they completed the required modules in line with the updated plan with officers advising members requiring support to contact them for assistance

Having thanked officers for the update, the Board **RESOLVED** to note the report and support the continued learning programme as outlined within the training timetable.

Before moving on to the remaining items on the agenda the Chair reminded Board members that agenda items 9, 10, 11, 15, 16, and 17 were reports referred to the Pension Board for information following their consideration at the Brent Pension Fund Sub Committee on 8 October 2024.

9. Q2 2024 Brent Investment Monitoring Report

Sawan Shah (Head of Finance, Brent Council) introduced the Brent Pension Fund Investment Q2 Investment Monitoring Update. In terms of key highlights in terms of performance during Q2 the Board was advised that the Fund had posted a positive return with a valuation of £1,279.2m up from £1,259.7m at the end of Q1 with the assets combined to return 1.4% over the monitoring period. The main driver of the positive return had been the Fund's passive global equity exposure on an absolute basis, along with its exposure to UK and emerging market equities. Within the income assets, the Fund's private debt, property and multi-asset exposure contributed to performance on an absolute basis. The main detractor from

performance had the Fund's government bond exposure, which fell in value as gilt yields rose over the quarter. The Monitoring Update also included details on the Fund's Asset Allocation, which it was noted remained broadly in line with the overall Investment Strategy Whilst it was noted the Fund, on a relative basis, had underperformed its benchmark by 0.5% and was behind its composite benchmark over the past 12 months and over 3 years the funding level, had been estimated (as at 30 June 2024) to be 123%. This represented an increase from 111% in Q3 2022 with the funding level having remained relatively consistent over the previous 12 month period and in advance of the next scheduled valuation in 2025.

Having thanked Sawan Shah for the update, the Chair invited comments from the Board, with the comments raised summarised below:

- In response to further clarification being sought on the role of the Board in relation to Investment Fund monitoring, the Chair advised members that whilst the Pension Fund Sub Committee had responsibility for managing the Fund's investment process and strategy, the Board also had a remit in terms of scrutinising the role of the Sub Committee in this respect. Members welcomed the high level of support and co-operation between the Sub Committee and Board in terms of this role and in ensuring effective governance, management and oversight of the Fund's investment activity and also administration of the scheme.

In noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 8 October 2024 the Board **RESOLVED** to note the Q2 Investment Monitoring Update.

10. **Brent Pension Fund - Annual Report and Accounts 2023/24**

Sawan Shah introduced the report, presenting the Pension Fund Annual Report and Accounts ending 31 March 2024. The Board was advised that work to complete the audit on the Statement of Accounts was now substantially complete, with an update on progress having been presented to the Audit & Standards Advisory Committee on 31 October 2024. Whilst it had not been possible to achieve the initial deadline, work to complete the outstanding audit fieldwork was ongoing with no significant or material issues in terms of the Pension Fund Statement of Account having been identified to date. It would not, however, be possible to sign off the Pension Fund Accounts until work on the Council's Statement of Accounts had also been completed, which had been subject to additional delay due to a number of outstanding requests for information that had needed to be addressed. The Board was assured that regular meetings with the auditors continued to be held with David Ewart (in his capacity as Independent Chair of the Audit and Standards Advisory Committee) also confirming the efforts being made to complete the audit process as soon as was possible.

In terms of the draft Pension Fund Annual Report (which it was noted included the Fund's Investment Strategy Statement; Pensions Administration Strategy and Funding Strategy Statement) members were advised this had been sent to Grant Thornton (External Auditor) for review. Given the ongoing work to complete the audit on the Council's Statement of Accounts, the Board was advised that this would mean the Annual Report would need to be published without the inclusion of

the final Audit Opinion, to meet the required timescale which the Board advised was accepted practice in these instances.

Officers were commended for their work on the Annual Report and in noting they had been subject to detailed review at the Brent Pension Fund Sub Committee on 8 October 2024 the Board **RESOLVED** to note the Brent Pension Fund Annual Report 2023-24 and update on the Pension Fund Statement of Accounts.

11. **Local Authority Pension Fund Forum (LAPFF) Engagement Report Q2 2024**

The Board received a report providing an update on the engagement activity undertaken by the Local Authority Pension Fund Forum (LAPFF) on behalf of the Fund, as detailed with the Q2 LAPFF Engagement Report included as Appendix 1 to the cover report.

In noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 8 October 2024 the Board **RESOLVED** to note the report and update on LAPFF engagement activity.

12. **Any other urgent business**

The Chair advised members that as Sunil Ghandi no longer represented an employer member (Non-Brent Council) in the scheme his position as Board Member had become vacant. Officers were now in the process of seeking to fill the vacancy which was hoped to complete in advance of the next Board meeting in March 2025. The Board placed on record their thanks to Sunil for his service.

No other issues were raised for consideration under this item at the meeting.

13. **Date of next meeting**

The Committee NOTED the date of the remaining Pension Board meeting for the 2024-25 Municipal Year, as follows:

- Monday 24 March 2025 at 6:00pm

14. **Exclusion of Press and Public**

At this stage in the meeting, the Chair advised that the Board would need to move into closed session to consider the final items on the agenda.

It was therefore **RESOLVED** to exclude the press and public 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)”.

The meeting then continued in closed session with the webcast ended.

15. **Low Carbon Index-tracking Global Equity Fund selection**

Sawan Shah (Head of Finance, Pensions) introduced a report detailing the outcome of a market review (as part of the Funds Investment Strategy) of the Funds passive global equities mandate and outlining recommended investment options for consideration based on the analysis provided.

In considering the update provided further clarification was provided for the Board in relation to the nature of the proposed investments and their risk exposure compared to those already held by the Fund and commitment the recommended approach would deliver in relation to the fund's ongoing net-zero ambitions.

In noting that the approach identified had been subject to detailed review at the Brent Pension Fund Sub Committee on 8 October 2024 the Board **RESOLVED** to note and endorse the decision made by the Sub Committee to approve the recommendations as detailed in Section 2.of the report.

16. **Investment Update**

Sawan Shah (Head of Finance, Pensions) introduced a report updating the Sub Committee in relation to specific investments held by the Fund with individual providers.

In considering the report, members noted and commended the proactive approach taken by the officers and the Fund's Investment Advisors, which it was recognised had been undertaken in order to safeguard the best interests of the Fund. With the approach identified having been subject to detailed review at the Brent Pension Fund Sub Committee on 8 October 2024 the Board **RESOLVED** to note and endorse the update provided and action which the Sub Committee had agreed to take as detailed in the report.

17. **London CIV Update**

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

The meeting closed at 7.42 pm

DAVID EWART
Independent Chair