

PENSIONS BOARD

Agenda

Members are requested to attend

Date/Time: Tuesday, 22 October 2019 at 10.00 am

Venue: G07 - Civic Offices

Contact Officer: Sandra Baxter

Direct Line: 020 3045 3088

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Membership:

Mr John Meaker, Mr Geoff Smithson (Chairman) and Councillor Peter Reader.

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Pensions Board for Bexley

Tuesday 26 March 2019 at 10.00am, Room G07, Civic Offices, Bexleyheath

Present:

Mr Geoff Smithson (Chairman), Mr John Meaker and Councillor Peter Reader.

Also Present:

Terry Pearce – Treasury Manager (Onesource)

Maddy Baxter – Pensions Manager

Richard Smyth – Pensions Consultant

Sandra Baxter – Committee Officer

1. APOLOGIES FOR ABSENCE

(Agenda Item 1)

There were no apologies for absence.

2. MINUTES OF THE MEETING HELD ON 16 OCTOBER 2018

(Agenda Item 2)

The minutes were agreed as a correct record.

3. REGISTER OF INTERESTS

(Agenda Item 3)

No potential conflicts of interest were notified.

4. KNOWLEDGE AND UNDERSTANDING FRAMEWORK

(Agenda Item 4)

Maddy Baxter reported that the Pensions Regulator offers free online training and that details would be circulated to members of the Board. CIPFA also had online training available but there was a charge for this. She was in discussions with the Chairman of the Pensions Committee about how to take that forward.

Geoff Smithson indicated that he had attended the training session organised for new members of the Pensions Committee and it was disappointing that only one of them attended.

Terry Pearce reminded the Board that in the past there had been discussions with Mercer regarding creating a training package for Board members. He indicated that there had been staff changes at Mercer and those discussions seemed to have petered out. Geoff Smithson indicated that he had attended a

Mercer training session but the other attendees had not been from local government. He did not feel that he had learned anything new from the session and he found the half-hour training sessions prior to Pensions Committee meetings more useful. Councillor Reader apologised that he had not yet been able to attend any of those training sessions but that he would try to do so in the future.

5. FUND COMMUNICATIONS POLICY UPDATE

(Agenda Item 5)

The Board received an update on what has been done in terms of communicating pensions information. Geoff Smithson asked if it was known how many people look at the website. Richard Smyth reported that he does receive information on that. He did not have it with him but agreed to circulate it to Board members.

7. RISK REGISTER FOR THE PENSION FUND

(Agenda Item 6)

The Board considered an update on the latest Risk Register for the Pension Fund. Councillor Reader queried why 100% of employer contributions might not be paid on time. Richard Smyth indicated that this was generally when employers had just joined the scheme and the appropriate mechanisms might not be in place before the payment was due. He indicated that there are measures that can be taken over late payments and he was looking to produce a document for all scheme members setting out what is required and the measures that can be taken for late payment. He stressed that payments were always made eventually and were generally no more than a few days late.

8. FAIR DEAL UPDATE

(Agenda Item 7)

The Board received a report providing an overview of the Government's consultation on a new Fair Deal. It was reported that the proposed changes would introduce greater pensions protection for employees of LGPS employers who are compulsorily transferred to service providers. Geoff Smithson asked whether it would make the process more complicated. Richard Smyth indicated that, if the proposals go through as envisaged, there would be a choice of either sticking with the current way of doing things or changing to a slightly different method. The details would be set out in statutory guidance but until that was available it would be difficult to judge whether the new system is simpler or more complicated.

9. BUSINESS PLAN 2019/20

(Agenda Item 8)

The proposed Business Plan for 2019/20 was agreed. Terry Pearce reported that one thing not mentioned in the Business Plan was that this would be an Actuarial Valuation year.

10. APPRAISAL OF PENSIONS COMMITTEE REPORTS

(Agenda Item 9)

The minutes of Pensions Committee meetings that had taken place since the Board's last meeting were received.

The Board rose at 10.37am

PENSIONS BOARD FOR BEXLEY – 22 OCTOBER 2019

ANNUAL REPORT 2018/19

SUMMARY

This report proposes an Annual Report for 2018/19 for the Board to consider.

1. Introduction

As part of the Board's Business Plan for 2017/18 it was agreed that it would be good practice for it to produce a short account of its work during the year. The proposed Pension Board Annual Report for 2018/19 is attached as an appendix. This will be included in the Pension Fund Annual Report 2018/19 which will be published before 1st December 2019 in line with LGPS regulations.

2. Pensions Board Annual Report 2018/19

The Pensions Board Annual Report provides a summary of the Pensions Board's activities during the year. These include the appraisal of Pension Committee reports, reviewing the Pension Fund's Communications Policy Statement and Risk Register and receiving an update on the issue of the 2018 Annual Benefits Statements.

The report also notes the training Board members have received during the year to ensure that they have the requisite skills and knowledge to fulfil their role.

3. Financial Implications

There are no implications arising directly from this report.

4. Legal Implications

There are no legal implications arising directly from this report

Contact Officer: Kayan Lau, Pensions Accountant ext 4486
Maddy Baxter, Pensions Manager, ext 4385

Pensions Board for Bexley - Annual Report 2018/19

1. Introduction

The Pensions Board for Bexley was set up with two core functions:

- (a) to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme
- (b) to ensure the effective and efficient governance and administration of the Scheme.

During 2018/19 the Pensions Board held two meetings and the Board considered matters in line with its Business Plan.

2. Matters considered by the Pensions Board during 2018/19

(a) Appraisal of Pensions Committee Reports

The Board considered the reports and decisions of the Pensions Committee at each meeting as part of its governance role. The board was satisfied that the Pensions Committee had followed due process and raised no concerns in respect of the decisions it had made

(b) Knowledge and Understanding Framework

The Board continued to develop its knowledge and understanding of the Local Government Pension Scheme (LGPS). Members of the Pensions Board have attended meetings of the Pensions Committee and have also attended the training sessions provided before each Committee meeting. The Board discussed the available online training packages with consideration given to which is most suitable to the Board's requirements. Access to such packages will be investigated further in 2019/20.

(c) Fund Communications

The Board reviewed the Fund's Communication Policy. No changes had been made to either the principles or method of communication since the last review and the board was satisfied that it continues to meet the requirements as set out in the LGPS regulations. The board was informed that the LGPS (Amendment) Regulations 2018 had come into force and that letters had been sent out to the affected members of the scheme.

(d) Risk Register

The Board reviewed the Fund's risk register and were pleased to note that there was nothing serious to report. Officers informed the board that, in order to further minimise the risk of late payment of contributions by scheme employers, they were looking to produce a document for scheme employers setting out what is required in regard to contribution payments to the Fund and the measures that can be taken for late payment

(e) Annual Benefit Statements

The Board considered an update on the issuing of Annual Benefit Statements 2018. It was reported that the process had gone smoother than the previous year – returns had been received from all scheme employers and all active statements had been issued. A couple of new employers had been slightly late with their returns as they were new to the process. It is expected that they will submit their returns on time in future years.

The Board was advised that the format of the Annual Benefit Statements had been changed this year with the aim of improving the experience of viewing them online.

(f) Business Plan 2019/2020

The board agreed its business plan for 2019/20 which includes continuing to review Pension's Committee reports and decisions and the Fund's risk register and communications policy. The board will continue to develop their knowledge and skills through attending training sessions and attending Pension's Committee meetings.

PENSIONS BOARD FOR BEXLEY – 22 OCTOBER 2019

APPRAISAL OF PENSIONS COMMITTEE REPORTS

SUMMARY

The minutes of Pensions Committee meetings are provided as Appendices for information.

1. Introduction

The minutes of the Pensions Committee meetings of 16 July 2019 and 23 July 2019 can be read in conjunction with the full Pensions Committee papers which are available on the London Borough of Bexley's website.

2. Minutes of Pensions Committee, 16 July 2019 and 23 July 2019

The minutes of the Pensions Committee meetings held in July are attached as Appendices.

The full papers for the Pensions Committee meetings can be accessed on the London Borough of Bexley's website at:

<http://democracy.bexley.gov.uk/ieListMeetings.aspx?Committeeld=146>

The minutes of the Pensions Committee meeting held on 3 October 2019 are not available yet. These will be included in the report pack for the next Pensions Board meeting.

3. Financial and Legal Implications

There are no implications arising directly from this report.

Contact Officer: Kayan Lau, Pensions Accountant, ext 4486
Maddy Baxter, Pensions Manager, ext 4385

PENSIONS COMMITTEE

16 July 2019

At a meeting of the PENSIONS COMMITTEE held at BOARD ROOM (107) on TUESDAY, 16 JULY 2019 at 7.30 pm

Present: Councillor Steven Hall (Chairman);
Councillors Esther Amaning, Gareth Bacon, Nigel Betts,
Richard Diment, Joe Ferreira, Howard Jackson and Adam Wildman
(Vice-Chairman)

Also Present: Mr Colin Cartwright and Mr Josh Tipper - Aon Hewitt
Mr Mike O'Donnell and Ms Larissa Benbow - LCIV
Mr Pete Stalley – Stepstone
Mr Luke Layfield and Ms Heather Brown - Aviva
Mrs Julia Peacock – Pensioners' Representative
Mr Geoff Smithson – Chairman, Pensions Board

1. APOLOGIES FOR ABSENCE AND SUBSTITUTE MEMBERS
(Agenda Item No. 1)

Apologies were received from Councillor Caroline Newton. Apologies were also received from Councillor Peter Reader and Mr John Meaker, members of the Pensions Board.

2. MINUTES OF THE MEETING HELD ON 7 MARCH 2019
(Agenda Item No. 2)

RESOLVED – That the minutes of the meeting held on 7 March 2019 be agreed as a correct record.

3. DECLARATIONS OF INTERESTS AND DISPENSATIONS
(Agenda Item No. 3)

Councillor Richard Diment declared that his wife receives a small pension from the Bexley Fund. Councillor Howard Jackson declared that he works for the Financial Ombudsman and sometimes has dealings with Pension Fund managers etc as part of his work.

4. ITEMS OF LATE BUSINESS
(Agenda Item No. 4)

There were no items of late business.

5. EXCLUSION OF THE PRESS AND PUBLIC
(Agenda Item No. 5)

RESOLVED – That the press and public be excluded from the meeting during consideration of the exempt information relating to Agenda Items 6, 7 and 8 because consideration of these matters in public would disclose information falling within one of the categories of exempt information contained in Schedule 12A to the Local Government Act 1972, as specified in Minutes 6, 7 and 8 and, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

6. PENSION FUND INVESTMENT PERFORMANCE - QUARTER ENDING 31 MARCH 2019
(Agenda Item No. 6)

The Committee had resolved, as recorded in Minute 5 above, that the press and public be excluded from the meeting during consideration of the exempt appendices to this item because consideration of this in public disclosed information falling within paragraph 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information) – of Schedule 12A to the Local Government Act 1972, which in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

A report was submitted providing the latest performance information for the Pension Fund. It was reported that the Fund had performed extremely well compared to other local authority pension funds over the longer term, ranked 6th and 4th over the 20 and 30 year period respectively. Although the Fund had not achieved its benchmark return over 1, 3 and 5 years, it was still ranked 21st, 39th and 18th over these periods. The report also set out the performance of the Fund and that of the individual Fund managers, during the most recent quarter.

7. LONDON COLLECTIVE INVESTMENT VEHICLE UPDATE
(Agenda Item No. 7)

The Committee had resolved, as recorded in Minute 5 above, that the press and public be excluded from the meeting during consideration of the exempt appendix to this item because consideration of this in public disclosed information falling within paragraph 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information) – of Schedule 12A to the Local Government Act 1972, which in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The Committee received a report providing an update on the latest developments at the London Collective Investment Vehicle (CIV). The Committee also received a presentation from Mike O'Donnell and Larissa Benbow from the CIV. They advised that the CIV have appointed a permanent Chief Investment Officer, Michael Thompson and that he had already been invited to attend the Committee's next meeting in October. They also provided the latest information in terms of the percentage assets now being held in pooled funds and progress in bringing new asset classes onstream. The Committee noted that the Infrastructure Fund should be launched in September and Inflation Plus Fund by either the end of this year or early next year.

8. INVESTMENT STRATEGY - INFRASTRUCTURE AND INFLATION PLUS MANAGER PRESENTATIONS
(Agenda Item No. 8)

The Committee has resolved, as recorded in Minute 5 above, that the press and public be excluded from the meeting during consideration of the exempt appendices to this item because consideration of this in public disclosed information falling within paragraph 3- information relating to the financial or business affairs of any particular person (including the authority holding that information) – of Schedule 12A to the Local Government Act 1972, which in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

At its March meeting, the Committee had considered options for investing further in infrastructure and property, both of which were currently underweight in terms of the

Fund's strategic asset allocation. It had been agreed that the underlying managers of the LCIV Infrastructure and Inflation Plus funds would be invited to present to Committee. The Committee received presentations from Stepstone and Aviva on the operation of those Funds.

The following motion was moved, seconded and carried without dissent:

RESOLVED – That planned investments be made in the LCIV Infrastructure and Inflation Plus Funds once they become available and officers be authorised to begin preparation of the necessary paperwork.

9. COMMUNICATIONS POLICY AND GOVERNANCE COMPLIANCE STATEMENTS

(Agenda Item No. 9)

The Committee considered the updated Communications Policy Statement and Governance Compliance Statement for the Fund which had been reviewed and updated to reflect current policies and processes.

The following motion was moved, seconded and carried without dissent:

RESOLVED – That (1) the updated Communications Policy Statement attached as an appendix to the report be agreed; and

(2) the updated Governance Compliance Statement attached as an appendix to the report be agreed.

The Committee rose at 9.42pm

PENSIONS COMMITTEE

23 July 2019

At a meeting of the PENSIONS COMMITTEE held at PUBLIC GALLERY WEST - CIVIC OFFICES on TUESDAY, 23 JULY 2019 at 7.30 pm

Present: Councillors Nigel Betts, Richard Diment, Alan Downing (substitute), Joe Ferreira, Steven Hall (Chairman) and Howard Jackson.

Also Present: Mrs Julia Peacock – Pensioners’ Representative

10. APOLOGIES FOR ABSENCE AND SUBSTITUTE MEMBERS
(Agenda Item No. 1)

Apologies were received from Councillors Esther Amaning and Gareth Bacon. Councillor Alan Downing attended as a substitute for Councillor Bacon. Apologies were also received from Mr Geoff Smithson, Chairman of the Pensions Board.

11. MINUTES OF THE MEETING HELD ON 16 JULY 2019
(Agenda Item No. 2)

RESOLVED – That the minutes of the meeting held on 16 July 2019 be agreed as a correct record.

12. DECLARATIONS OF INTERESTS AND DISPENSATIONS
(Agenda Item No. 3)

Councillor Richard Diment declared that his wife receives a small pension from the Bexley Fund. Councillor Howard Jackson declared that he works for the Financial Ombudsman and sometimes has dealings with Pension Fund managers etc as part of his work.

13. ITEMS OF LATE BUSINESS
(Agenda Item No. 4)

There were no items of late business.

14. PENSION FUND ANNUAL REPORT 2018/19
(Agenda Item No. 5)

The Committee considered the Pension Fun Annual Report for 2018/19. The report provided information on the management and financial performance of the Fund over the year, the Fund’s investment policy, the most recent actuarial valuation, the accounts and the latest versions of various policy statements. It was agreed that further attempts should be made to recruit to the vacant observer posts on the Committee.

The following motion was moved, seconded and carried without dissent:

RESOLVED – That, subject to the inclusion of the audit opinion when available, the annual report 2018/19 be agreed for publication.

15. EXTERNAL AUDIT FINDINGS REPORT ON THE PENSION FUND
(Agenda Item No. 6)

The Committee received the audit findings report on the Pension Fund for 2018/19. It was reported that the auditors intend to deliver an unqualified audit opinion on the accounts. The Committee noted that the auditors would also report their findings to the General Purposes and Audit Committee on 29 July as that Committee had the ultimate responsibility for agreeing audit plans and reports arising from the audit.

16. BUDGET MONITORING AND CASH FLOW FORECAST 2019-20
(Agenda Item No. 7)

The Committee received a report providing an update on projected income and expenditure and cash flow forecast for 2019/20. It was reported that, as this was the first quarter of the financial year, it is not possible to predict some income and expenditure items with a great deal of certainty. The projected outturn position was currently breakeven but this was likely to change as the year progressed.

17. ADMINISTRATION AND INVESTMENT UPDATE
(Agenda Item No. 8)

The Committee considered a report providing an update on various administrative and investment issues. The Committee was given details of the admission of a new body to the pensions scheme which had been approved under delegated authority. The report also provided details of an MHCLG consultation on proposed changes to LGPS regulations and the latest information on the McCloud case and its potential impact for LGPS funds.

The following motion was moved, seconded and carried without dissent:

RESOLVED – That (1) the admission of Solace Women’s Aid to the Fund be noted;

(2) delegated authority be granted to the S151 officer, in consultation with the Chairman of the Committee, to respond to the MHCLG consultation on the proposed changes to LGPS regulations; and

(3) the update on the McCloud case be noted.

18. ADMISSION TO THE COUNCIL'S PENSION SCHEME - LEWIS AND GRAVES PARTNERSHIP LTD
(Agenda Item No. 9)

The Committee considered a report providing an update on various administrative and investment issues. The Committee was given details of the admission of a new body to the pensions scheme which had been approved under delegated authority. The report also provided details of an MHCLG consultation on proposed changes to LGPS regulations and the latest information on the McCloud case and its potential impact for LGPS funds.

The following motion was moved, seconded and carried without dissent:

RESOLVED – That (1) the admission of Solace Women’s Aid to the Fund be noted;

(2) delegated authority be granted to the S151 officer, in consultation with the Chairman of the Committee, to respond to the MHCLG consultation on the proposed changes to LGPS regulations; and

(3) the update on the McCloud case be noted.

The Committee rose at 7.51pm

PENSIONS BOARD FOR BEXLEY – 22 OCTOBER 2019

KNOWLEDGE AND UNDERSTANDING FRAMEWORK

SUMMARY

This report considers the further development of the knowledge and understanding framework for the Board in the light of the training that Board members have already undertaken

1. Introduction

This report provides a summary of the training undertaken by members of the Board to date, including training sessions provided by Aon Hewitt at Pensions Committee meetings, together with meetings of the Pensions Committee which Board members have attended.

2. Training for Board members

The aims of the Board training programme are to:

- enable individuals have sufficient knowledge and understanding such that all decisions, actions and other activities are carried out in an informed and appropriate way, and so that advice and guidance can be challenged and tested appropriately;
- ensure that the strategic and operational direction of the Board is a considered one, of an appropriate high standard in accordance with best practice and guidance;
- ensure the Local Pension Board members apply best practice in their roles;
- enable the demonstration of good and robust governance “in action”, and clear identification of pension fund risks, understanding how to effectively monitor and mitigate those risks;
- comply with the various Codes of Practice and best practice/minimum standards; and
- demonstrate high level of governance and standards, comparing positively with peer group Funds in the Scheme Advisory Board KPI programme.

Officers will continue to work with Board members to evaluate their requirements to ensure that they are offered training opportunities which meet their needs.

Members of the Pensions Board have attended meetings of the Pensions Committee and have also attended the training sessions provided before each Committee meeting.

Since the last meeting of the Board the following training sessions have taken place:

- 16 July 2019 prior to the meeting of the Pensions Committee: Actuarial Valuation – attended by Members of the Committee, Julia Peacock (Pensioners’ representative) and Geoff Smithson (Chair of Pensions Board).
- 03 October 2019 prior to the meeting of the Pensions Committee: ESG – attended by Members of the Committee and Julia Peacock (Pensioners’ representative). No members of the Board were able to attend this training session.

3. Financial and Legal Implications

The costs incurred by Board members in attending training courses and associated materials will be met by the Pension Fund.

The costs incurred in providing personalised training plans for Board members will be met by the Pension Fund.

The Public Service Pensions Act 2013 introduces the framework for the governance and administration of public service pension schemes and provides regulatory oversight by the regulator. The Pensions Regulator has set out the legal requirements in respect of the knowledge and understanding pension board members must possess for the effective governance and administration of public service pension schemes. The Regulator has published a Code of governance and administration of public sector pension schemes. The Code, which came into force in April 2015, is directed at scheme managers and members of pension boards of public sector pension schemes

Contact Officer: Kayan Lau, Pensions Accountant, ext 4486
Maddy Baxter, Pensions Manager, ext 4385

PENSIONS BOARD FOR BEXLEY – 22 OCTOBER 2019

FUND COMMUNICATIONS POLICY UPDATE

SUMMARY

This report provides an update on the Fund's communication policy.

1. Introduction

The Local Government Pension Scheme (LGPS) Regulations require administering authorities to prepare, publish and maintain a policy statement setting out its communication strategy for communicating with scheme members, scheme members' representatives, prospective scheme members and their employing authorities.

Sections 2 and 3 of this report outline Bexley's communication policy which is published on the website www.yourpension.org.uk/Bexley/Investments/Policies

Section 4 provides an update on ongoing work to review the implementation of the policy.

2. Principles

- To provide clear and consistent information reducing the potential for confusion and uncertainty.
- To provide timely and accurate communications and a proactive information service that is factual and precise.
- To undertake customer satisfaction surveys and to act upon feedback and comment.
- To use the most appropriate communication medium for the customer audience
- To address, where possible, the requirements of a diverse customer base with regard to information access

3. Method

The administering authority will deliver its communications policy, in partnership with the London Pensions Fund Authority (LPFA – the Council's pension scheme administrators), by the following methods:

Scheme Members and Representatives

- Access to the website www.yourpension.org.uk/bexley which contains scheme details, news items, annual reports and guides to the scheme with links to other relevant organisations and the option of viewing personal details via a secure logon.
- A comprehensive range of scheme literature is available from the LPFA or accessible from the website.

- Members, including pensioners and deferred members, will be able to access the Annual Report on the website each year. This provides an overview of any changes to the scheme and a report of the Fund's performance.
- Current and deferred scheme members will receive a Benefit Statement each year detailing the current value of their benefits.
- Pensioners will be given access to their personal details and electronic payslips via the LPFA's secure website.
- An individual annual pension statement will be sent to all pensioners in April each year. This will notify them of the paydays for the next twelve months and detail their gross pension payable including any relevant pensions increase.
- P60 statement of earnings will be available via the LPFA's secure website, and a paper copy will be sent to pensioners by the end of May each year – if they opt for this method.

Prospective Members

- A short scheme guide is available via the website www.yourpension.org.uk/bexley for prospective employees.
- The website also contains information relating to joining the LGPS and the right to opt-out.

Scheme Employers

- An Employer Forum will be held each year where employers will be informed on changes to the scheme and current topics of interest.
- Regular contact will be maintained to ensure prompt communication of changes to the scheme and topical issues as they arise will be featured as news items accessible via the website www.yourpension.org.uk/bexley
- An 'employers pack' detailing the interactions between the administering authority and employers will be provided and maintained.
- Access to a secure portal for Employers via the website for transmission of data to the LPFA as and when required.

4. Communications Update

Our primary method for communicating with members is via the pensions website and self service portal. Local Pensions Partnership (LPP) have recently upgraded the member self service portal and added some new functionality.

The new portal is far more accessible and clearly laid out. Member documents are more easily accessed and stored alongside a scheme documents section. The scheme documents provide guidance on the Annual Benefit Statements, how membership and part time membership is calculated and a guide detailing how to produce your own estimates on the site.

The benefit calculator section has been overhauled to enable members to more easily produce their own estimates online for a range of scenarios including deferred benefits, redundancy, voluntary and ill health retirement and death benefits.

Some additional functionality has also recently been turned on. Firstly, in relation to Death Grant Nomination Forms, members are now able to submit this online via the portal. Previously members were asked to complete a paper nomination, allowing

members to submit this online saves the member postage costs and the nominations are able to be updated instantly, rather than the member having to wait for the post/LPP to action it.

Secondly change of bank details can now be submitted online. Previously bank changes followed the same process as nomination forms which meant postal delays could mean some notifications could miss the payroll deadline. The new process is more secure and instantaneous for the member.

Finally, members requesting estimates are now being directed to self-serve via the portal. The SLA for LPP completing an estimate request was 10 days, self-serving estimates on the portal enables members to run multiple estimates for multiple dates and scenarios in a matter of seconds. Paper estimates are still available upon request for members who require them.

In terms of security members must have already passed security checks to sign up to the online portal so it provides a secure method of member verification.

In terms of employer communications LPP have recently produced a new Yourfund Guide and Employers Guide for Appeals. These guides are stored on our pension website and employers were advised via the mailing.

Yourfund is the employer portal LPP use to administer the scheme. Each employer has a log on and is required to submit notifications, such as informing of a new starter or leaver. The guide walks through the online forms used explaining what information is required and provides definitions of pay that are referenced in the forms.

The appeals guide provides an overview of the schemes Internal Disputes Resolution Procedure and provides guidance for employers should they have to consider a stage 1 appeal.

5. Summary of financial implications

The costs of communications from the pension fund are met by the pension fund. Communications from individual employers around pensions matters generally are met directly by those employers.

6. Summary of Legal Implications

Regulation 61 of the Local Government Pension Scheme Regulations 2013 requires an administering authority to prepare, maintain and publish a written statement setting out its policy concerning communications with members, representatives of members, prospective members and scheme employers.

There are legislative requirements including the Public Service Pensions Act 2013 and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 which require the administering authority to disclose information regarding scheme administration and benefits to scheme members and others.

Contact Officer:	Richard Smyth, Pensions Consultant, Ext: 4592
Reporting to:	Robert Campbell, Payroll and HR Systems Manager, Ext: 4965

PENSIONS BOARD FOR BEXLEY – 22 OCTOBER 2019

RISK REGISTER FOR THE PENSION FUND

SUMMARY

This report provides an update on the latest risk register for the Pension Fund for the Board to consider.

1. Introduction

The need for effective risk management is reflected throughout LGPS regulation and guidance. There is recognition that it is not possible to eliminate all risks, and in some cases an element of risk may be advantages, for example in the investment strategy. However, there is a requirement for risks to be identified, analysed, controlled and monitored to ensure that the Fund is not exposed to undue risk in its activities and decision making.

The risk register documents the risks that the Fund is exposed to and the controls in place to mitigate them. It is updated by officers through the year and is reviewed annually by both the Pensions Committee and the Board, as agreed by the Board at its January 2017 meeting.

2. Risk Register Review

The risk register has been reviewed by officers and an updated risk register is attached as an Appendix for the Board's information.

There have been some significant changes to the register following guidance on managing risk in the LGPS issued by CIPFA in December 2018. Some risks have been broken down to their constituent parts to enable more details to be included, some risks have been added such as ESG failures in companies that the Fund invests in and risks have been re-categorised under the following headings:

- Asset and Investment Risk
- Liability Risk
- Employer Risk
- Resource and Skill Risk
- Administrative and Communicative Risk
- Financial Risk

The following risks are classified as red and considered very likely to occur with a major impact:

- Legislative and regulatory changes – this is in recognition of expected New Fair Deal legislation which is due in the autumn and expected changes to Pension Fund liabilities following the McCloud judgement.

The Pensions Committee was due to conduct its annual review of the risk register in July 2019. However, as a result of the extensive update following the publication of the CIPFA guidance the Committee will now conduct this review at its December 2019 meeting.

2. Financial Implications

There are no implications arising directly from this report.

3. Legal Implications

Section 249B of the Pensions Act 2004 requires the administering authority to manage risk by establishing and operating internal controls which are adequate for the purpose of securing that the scheme is administered and managed—

- (a) in accordance with the scheme rules, and
- (b) in accordance with the requirements of the law

Internal controls are defined in the Act as:-

- (a) arrangements and procedures to be followed in the administration and management of the scheme,
- (b) systems and arrangements for monitoring that administration and management, and
- (c) arrangements and procedures to be followed for the safe custody and security of the assets of the scheme;

The Pensions Regulator is required to issue a code of practice for this under section 90A of the Pensions Act 2004. Under the Code referred to in section 2 of this report, identified risks should be recorded in a risk register and should be reviewed regularly. Paragraph 105 of the Code states that:-

“Scheme managers must establish and operate internal controls. These should address significant risks which are likely to have a material impact on the scheme. Scheme managers should employ a risk-based approach and ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls. They should seek advice, as necessary”

Section 5 of the Public Service Pensions Act 2013 and Regulation 106 of the Local Government Pension Scheme Regulations 2013 places a responsibility on the Board to assist the administering authority with the above matters.

Contact Officer: Maddy Baxter, Pensions Manager 020 3045 4385
Reporting to: Stephen Wild, Head of Pensions and Treasury

London Borough of Bexley Pension Fund Risk Register October 2019

Bexley uses a 4 x 6 matrix to plot probability and impact and has set its risk appetite. The green shaded area on the matrix shows the risks where there is good control and the Council is comfortable with the risk. Risks in the amber and red zones are those over which closer control is needed.

Probability	A				
	B				
	C				
	D				
	E				
	F				
		4	3	2	1
	Impact				

Risk Probability

- F = Very Unlikely
- E = Unlikely
- D = Possible
- C = Likely
- B = Very likely
- A = Certainty

Risk Impact

- 4 = Negligible
- 3 = Moderate
- 2 = Serious
- 1 = Major

Asset and Investment Risk

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Concentration Risk – the risk that a significant proportion of assets are invested in a single asset category or security whose underperformance would result in difficulties meeting funding objectives	E	3	The Investment Strategy Statement sets out the Fund’s strategic asset allocation and ensures that there is not an overconcentration of investments in a single asset class. Actual asset allocation is monitored against the strategic asset allocation on a quarterly basis and action is taken to rebalance the Fund’s investments if there is a significant divergence.	The latest triennial asset allocation review was reported to the Pensions Committee in February 2017	Feb 2020	Pensions Manager
Investment Pooling Risk – exposure to additional risk resulting from investment pooling	D	3	<p>Many of the risks identified in this document are also applicable to investment pooling and as such the control measures also apply to pooled investments. For example, asset and investment risk, regulatory and compliance risk and reputational risk.</p> <p>The Chair of the Pensions Committee, in their role as shareholder representative for Bexley, attends LCIV general meetings and has voting rights.</p> <p>Officers hold quarterly meetings with LCIV and LCIV regularly attend Pensions Committee meetings enabling officers and members to raise and challenge any areas of concern.</p>	<p>Officers last met with LCIV in September 2019</p> <p>LCIV Last attended Pensions Committee in October 2019</p>	Dec 2019	Pensions Manager

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Liquidity Risk – the risk that the Fund cannot meet its immediate liabilities because it has sufficient liquid assets	D	2	<p>Cash flow is monitored on a daily basis and withdrawals made from fund managers when necessary</p> <p>Most investments are liquid, and are held in custody at arm’s length to fund managers</p> <p>The 2016 LGPS (Management and Investment of Funds) Regulations give pension funds powers to borrow for up to 90 days</p> <p>Pension Fund Budget and cashflow forecast is monitored and reported to Pensions Committee quarterly</p>	Cashflow and budget monitor was last presented to Committee in October 2019	Dec 2019	Pensions Manager
Currency Risk – the risk that the value of asset varies relative to liabilities due to adverse movements in currency rates	D	3	<p>The strategic asset allocation includes a significant portion of global investments which provides currency diversification.</p> <p>If deemed necessary, the Fund may hedge currency exposure</p>	The latest triennial asset allocation review was reported to the Pensions Committee in February 2017	Feb 2020	Pensions Manager

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
<p>Manager Underperformance Risk- the risk that fund managers/pooling operators fail to achieve the rate of investment return set out in their mandates</p>	C	3	<p>Diversification of managers and asset allocations mitigates the impact of one manager under-performing</p> <p>Investment performance is reported quarterly to Pensions Committee</p> <p>Investment managers and LCIV are invited to Pensions Committee where members can challenge them on their performance</p> <p>The Fund's investment advisors report any performance concerns and provide advice on any action the Fund should take.</p>	The latest performance report was presented to Committee in October 2019	Dec 2019	Pensions Manager
<p>Transition Risk – the risk of incurring unexpected costs relating to the movement of assets among managers</p>	D	3	<p>The Fund's investment advisors will provide advice on any transitions.</p> <p>The Fund may appoint a specialist transition manager if necessary</p>	Most recent transition took place in Jan 2019. There were no unexpected costs incurred	Before the next transition takes place	Pensions Manager

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
<p>Custody Risk – The risk of losing economic rights to pension fund assets</p>	D	3	<p>The Fund employs a custodian to hold its investments.</p> <p>Officers undertake quarterly reconciliations between the custodian and investment manager records to ensure they are correct.</p> <p>Officers review the service quality and operational standards of the custodian as part of the contract management process. The contract is retendered every 5 years.</p> <p>Investment Manager internal control reports are reviewed annually</p>	<p>Custodian and manager records reconciled in July 2019</p> <p>Investment Manager internal control reports reviewed in March 2019</p>	Oct 2019	Pension Manager

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Responsible Investment and Environmental, Social and Corporate Governance (ESG) Risks – the risk that an organisation which the Fund has invested in fails to manage its exposure to ESG risks resulting in litigation and representational risk which impacts investment returns and performance.	B	3	<p>The Fund's ESG Policy is contained within the investment strategy statement.</p> <p>The majority of the Fund's investment managers have signed up to "The UK Stewardship Code"</p> <p>Members are able to challenge investment managers on their ESG policies when they present to the Pensions Committee</p> <p>Officers horizon scan for any publicity on ESG failures of any company's the Fund is invested in and will challenge the fund manager as to what actions are being taken.</p>	Investment Strategy Statement reviewed in Feb 2017	Feb 2020	Pensions Manager
Governance Risk – the risk that poor advice and decision-making results in there being insufficient assets to meet benefits as they fall due	D	1	<p>Members of the Pensions Committee and Pensions Board, along with officers involved in the Pension Fund, attend training sessions to ensure they have the right knowledge and skills to carry out their roles.</p> <p>A questionnaire is sent to Pensions Committee and Board members annually to identify any knowledge and skills gaps to ensure the training offered meets their needs.</p> <p>The service provided by the Fund's investment advisor is reviewed as part of the contract monitoring process and is retendered every 7 years.</p>	Questionnaire on training needs was sent out in Aug 2018. Returns were reviewed and taken into account when organising training sessions for the Pensions Committee and Board	Oct 2019	Pensions Manager

Liability Risk

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Discount Rate Risk – the risk that the discount rate assumption used by the actuary in the fund valuation is inaccurate and investment returns are therefore less than assumed	D	3	<p>Quarterly monitoring of investment performance provides early warning of changes in the outlook for future investment returns</p> <p>Actuary adopts a prudent discount rate assumption</p> <p>The discount rate is reviewed by the actuary at each triennial valuation</p>	Last valuation was 2017	2020	Pensions Manager
Inflation Risk – the risk that inflation is higher than that assumed in the triennial valuation and therefore liabilities are higher than expected	D	3	<p>Increases in liabilities will be taken into account when setting any deficit contributions.</p> <p>Actuary adopts a prudent inflation assumption</p> <p>Asset allocation includes assets expected to deliver returns above inflation</p>	Last valuation was 2017	2020	Pensions Manager
Salary Increase Risk – the risk that salary increases are higher than expected and therefore liabilities are higher than expected	D	3	<p>Changes in liabilities because of salary increases are taken into account at each valuation</p> <p>Employers may have some control over the award of salary increases through pay award negotiations.</p>	Last valuation was 2017	2020	Pensions Manager

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Longevity Risk – the risk that fund members live longer than expected meaning benefits are paid for longer than anticipated.	D	3	The Fund's actuary reviews longevity and other demographic factors as part of each valuation. Actuary uses a prudent assumption of mortality.	Last valuation was 2017	2020	Pensions Manager
Early Retirement Risk – the risk that more members retire earlier on full benefits than expected	D	3	The Funding Strategy requires employers to make capital contributions in respect of pension strains arising from early retirement. Actuary uses a prudent assumption for early retirements.	Last valuation was 2017	2020	Pensions Manager
Ill-health Retirement Risk – the risk that the number of early retirements because of ill-health is higher than anticipated	D	3	Ill health retirements are monitored and factored into future valuations Admission agreements include requirement for admitted bodies to pay the capital cost in respect of pension strains arising from tier 2 or tier 3 ill health retirements	Last valuation was 2017	2020	Pensions Manager
Regulatory Risk – the risk that changes to the LGPS regulations causes an increase in liabilities	B	1	Officers horizon scan for any proposed changes to regulations and respond to consultations. Likely developments regarding regulatory change are factored into valuations	Last valuation was 2017	2020	Pensions Manager

Employer Risk

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Reputational Risk – the risk of adverse publicity arising from interactions with or failure of an employing authority	D	2	<p>The administering authority maintains good communications with employers.</p> <p>The fund employs LPP to monitor employer covenants and to highlight any employers with weak covenants to enable early action to be taken.</p>	Employer covenant is to be reviewed quarterly	October 2019	Pensions Manager/HR Pensions Consultant
Financial Risk – the risk that an employer is not able to pay over the contributions due	D	3	<p>The fund employs LPP to monitor employer covenants and to highlight any employers with weak covenants to enable early action to be taken.</p> <p>Guarantees or bonds may be requested from employers to provide insurance against failure to pay contributions</p> <p>Officers monitor contribution payments monthly and actively chase any outstanding contributions</p> <p>Employers are informed of payment responsibilities and procedures when they are admitted to the scheme and the procedures are on the employer section of the pensions website.</p>	Employer covenant is to be reviewed quarterly	October 2019	Pensions Manager/HR Pensions Consultant

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Administration Risk – the risk that employers maintain poor records and provide inaccurate information	D	3	<p>The fund employs LPP to administer the pension scheme. This includes the maintenance of member records.</p> <p>A year end process to update records is undertaken each year. Guidance is provided on the information to be provided and reconciliation of the data is undertaken.</p>	April to June 2019	April to June 2020	HR Pensions Consultant

Resource and Skill Risk

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Inadequate staffing levels for the roles required	D	1	OneSource shared service enables sharing of resources and skills. Council's recruitment and retention procedures	Pensions Team is currently fully staffed	N/A	Head of Pensions and Treasury/Payroll & HR Systems Manager
Inadequate knowledge and skills for the roles required	D	1	OneSource shared service enables sharing of resources and skills. Robust recruitment processes and staff appraisal scheme Members of staff attend regular training sessions, peer group forums, CIPFA workshops etc Succession planning for key roles	Members of the Pensions Team have attended a number of networking events and CIPFA workshops	N/A	Head of Pensions and Treasury/ Payroll & HR Systems Manager
Inadequate resources to support staff in their roles	D	3	Budgets and resources managed and reviewed as part of the budget setting process	?	?	Head of Pensions and Treasury/ Payroll & HR Systems Manager

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Turnover of elected members and hence membership of the Pensions Committee	B	3	Training needs of new members is identified and any necessary training is provided Minutes of past meetings are maintained	Questionnaire on training needs was sent out in Aug 2018. Returns were reviewed and taken into account when organising training sessions for the Pensions Committee and Board	Sept 2019	Pensions Manager
Turnover of members of the Pensions Board	C	3	Training needs of new members is identified, and any necessary training is provided Minutes of past meetings are maintained	Questionnaire on training needs was sent out in Aug 2018. Returns were reviewed and taken into account when organising training sessions for the Pensions Committee and Board	Sept 2019	Pensions Manager

Administrative and Communicative Risk

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Failure of ICT	D	2	<p>Bankline & investment manager online portals can be accessed from any computer.</p> <p>Advisors, custodian and investment managers can be contacted by telephone</p> <p>A business continuity plan is maintained by LPP and updated annually</p>	Service Continuity plan updated March 2018	March 2020	Pensions Manager/HR Pensions Consultant
Poor data quality	D	2	<p>Annual data checks are carried out by LPP following year end submission.</p> <p>Common and conditional data scores are monitored by LPP annually.</p> <p>The funds Actuaries Mercers provide an annual data quality report.</p>	June 2019	June 2020	HR Pensions Consultant

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
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Legislative and Regulatory Changes	B	1	<p>Officers to horizon scan and to attend Pension Officers Forums, CIPFA events etc to ensure that they are up to date with any legislative or regulatory changes.</p> <p>Bexley to respond where appropriate to Government consultations.</p> <p>Changes in Legislation and Regulation and the impact on the Fund are reported to Pensions Committee.</p> <p>Officers have the relevant experience, skills and knowledge to ensure legislation and regulations are complied with</p>	<p>The McCloud legal case is likely to have an effect on the LGPS regulations and on the liabilities of the Fund.</p> <p>New Fair Deal due out in the autumn</p> <p>Recent consultation on moving to a 4 year valuation schedule.</p>	ongoing	Pensions Manager/HR Pensions Consultant
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Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Third party provider under-performance	D	2	<p>Contracts are retendered regularly to ensure value for money is being achieved</p> <p>Contracts detail the service that the provider is to deliver</p> <p>Regular meetings are held with contractors to discuss performance and service improvements</p> <p>Contractual penalty clauses can be invoked if necessary</p>	Meetings held with the Fund's actuary, investment advisors, admin provider, custodian and employer risk advisors July-Sept 2019.	As per monitoring time table for each contract	Pensions Manager/Deputy Director Corporate Services
Data Protection Breaches	D	2	<p>Officers receive training on GDPR</p> <p>Council's data protection policy on intranet</p> <p>Any e-mails with personal data in to be sent by secure e-mail</p>	No data protection breaches have been reported	ongoing	Information Governance Project Manager/All officers
Cyber Threats	D	1	<p>Officers receive training on cyber security</p> <p>ICT system has firewalls in place</p>	The systems have not been impacted by any cyber attacks	N/A	ICT/All Officers

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Regulatory and legislative breaches	E	1	<p>Officers have the relevant experience, skills and knowledge to ensure legislation and regulations are complied with.</p> <p>Staff attend networks and training to ensure their knowledge is up to date</p> <p>Technical updates are provided by the Fund's professional advisors</p> <p>Pensions Board meets twice a year to review the activities of the Fund and Committee to ensure compliance with regulation and legislation.</p> <p>Training provided to committee and board members</p> <p>Ensure IT systems comply with the regulations</p> <p>Pension Fund Accounts audited by external auditors</p>	<p>Pensions Board meeting March 2019</p> <p>Members of the Pensions Team have attended a number of networking events and CIPFA workshops</p> <p>There have been no regulatory or legislative breaches</p> <p>18/19 Accounts signed off as unqualified</p>	October 2019	Pensions Manager/HR Pensions Consultant
Operational disaster – fire/flood etc	F	2	<p>Business Continuity plans in place</p> <p>Ability to work from home</p> <p>All documentation is saved on the system</p>	Service Continuity plan updated March 2018	March 2020	Head of Pensions and Treasury/Payroll & HR systems manager

Financial Risk

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Excessive Charges by suppliers	E	4	<p>Annual review of Fund Budget in Annual Report</p> <p>Budget monitoring reported to Pensions Committee quarterly</p> <p>Invoices checked for accuracy before payment</p> <p>Value for Money reviewed when contracts are retendered</p>	<p>Annual Report reviewed by Committee July 2019</p> <p>No inaccuracies found in invoices</p> <p>Internal audit review of invoice payments Feb 2019</p>	Ongoing	Pensions Manager/ Deputy Director Corporate Services
Fraud or fraudulent behaviour	F	1	<p>Monthly reconciliation of Pension Fund Bank account</p> <p>Pension Fund Bank account checked daily for any erroneous transactions</p> <p>Separation of duties procedures in place</p> <p>National Fraud Initiative undertaken bi-annually</p> <p>Administrators have strong processes around death and transfer cases</p>	<p>Pension Fund Bank account reconciled to July</p> <p>No erroneous transactions have been identified</p> <p>NFI undertaken March 2019</p>	<p>Ongoing</p> <p>Next NFI March 2021</p>	Pensions Manager/HR Pensions Consultant

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Conflicts of Interest	E	3	<p>Pensions Board and Committee members are required to declare any conflicts of interest at the beginning of meetings</p> <p>A register of interests is maintained for members of the Pensions Committee and Board</p> <p>Pensions Committee and Board members and senior members of staff must declare any related party transactions which, if significant, are disclosed in the Pension Fund accounts</p>	<p>There have been no significant conflict of interest reported</p> <p>Related party transactions disclosure in 18/19 accounts</p>	ongoing	Pensions Manger/Head of Democratic Services
Failure to make capital calls to managers on time	E	3	<p>Sufficient liquidity maintained in Fund.</p> <p>All members of the Pensions Team are on the contact list of investment managers so that they are all aware of any capital call requests</p>	Private Equity capital call paid on time in Aug 2019	ongoing	Pensions Manager

PENSIONS BOARD FOR BEXLEY – 22 OCTOBER 2019

ANNUAL BENEFIT STATEMENTS 2019 UPDATE

SUMMARY

This report provides an update on the issuing of Annual Benefit Statements 2019.

1. Introduction

The Public Service Pensions Act 2013 requires public service pension schemes issue annual benefit statements to active members no later than 5 months following the end of the scheme year. The scheme year runs 1 April to 31 March, therefore statements providing information about scheme benefits accrued at 31 March 2019 must be issued to active members by 31 August.

This report summarises the position at London Borough of Bexley for statements relating to scheme year 18/19.

2. Issuing Statements

In keeping with Bexley's digital by default policy, Annual benefit statements are issued electronically for all members who do not specifically elect for a hard copy. Statements are hosted on the Members Self Service portal, and members are advised when they are available.

For members where we hold an email address, an email is sent to the address on record advising the statement is available to view. For members where we do not hold an email address, a leaflet is sent to the member's home address advising statements are available online and how to access them.

Statements are issued summarising active member's pensionable benefits as at 31 March 2019 following the submission and reconciliation of the end of year return by employers in the fund.

Below is a summary of the annual benefit statements issued by 31 August 2019:

No. of Active ABS issued online	4847
No. of Active ABS issued by hard copy	48
Total issued as % of membership	100
Total no. of errors	0
No of ABS suppressed	
Started after 01/04/2019	174
Deferred after 01/04/2019	34
Leavers Pending	311

In summary, an annual benefit statement was issued to 100% of the active membership by the deadline 31 August.

3. Areas for Improvement

Following last year's exercise we reported some areas which could be improved, all of which were raised with our administrators.

Last year Benefit Statements appeared on Member Self Service as separate pages which required navigating between and zooming in to read. Additionally members experienced time outs when using the portal.

This year, the member self service portal has been upgraded and documents now appear as a single pdf document. This also applies to Annual Benefit Statements hosted for previous years.

The statements were uploaded at the end of July, which enabled our administrators to stagger the notifications to their clients membership. This coupled with the new member self service site ensured there were no reports of timeouts when accessing.

4. Summary of Legal Implications

The Public Service Pensions Act 2013 requires public service pension schemes issue annual benefit statements by 31 August. Where this deadline is not met, certain people are under a duty to report a breach to the Pensions Regulator if they consider that breach is likely to be of material significance to them as outlined in the Pensions Regulator Code of Practice no. 14.

Contact Officer:	Richard Smyth, Pensions Consultant, Ext: 4592
Reporting to:	Robert Campbell, Payroll and HR Systems Manager, Ext: 4965

PENSIONS BOARD FOR BEXLEY – 22 OCTOBER 2019

ADMINISTRATION UPDATE

SUMMARY

This report provides an update on the day to day administration undertaken since April 2019.

1. Introduction

Local Pensions Partnership (LPP) are currently sub-contracted by London Pensions Fund Authority (LPFA) to undertake pensions administration work on behalf of the London Borough of Bexley.

Under the contract the contractor is required to provide a report each month outlining the contractor's performance against the service level agreement specified in the contract. These reports are reviewed each month by the contract manager. The contract manager also meets with the contractor at quarterly client meetings. These meetings are an opportunity to discuss a range of issues including performance, service improvements and broader pensions issues.

2. SLA and cases completed

The contract specifies that LPP should complete at least 98% of casework within the timeframe specified by the Service Level Agreement (SLA). The SLA varies by case type but broadly is between 3 and 5 working days. The below table shows the details for all case types processed since April:

All Cases Completed Summary

	Cases Completed	Completed on Time	% On Time
April	287	283	98.61%
May	306	304	99.35%
Jun	252	251	99.60%
Jul	287	284	98.85%
Aug	223	221	99.10%
Sep	288	286	99.31%
Total	1643	1629	99.15%

We also receive a report detailing which of our top case types were not completed on time. Top Cases refers to the most vital types of case such as processing retirement benefits, or death cases. These are also monitored each month to

identify any trends. The below table shows instances where one of our top cases was not completed on time:

Top Cases not on Time

Case type	Description	Apr	May	Jun	Jul	Aug	Sep	Total
BX08	Estimates - individual				1			1
BX09e	IFA out (estimate)						1	1
BX12	DBs into payment						1	1
BX20	Death on pension	3			1	1		5
BX50	Complaints					1		1
Total		3	0	0	2	2	2	9

As you can see from the tables, whilst performance is very strong, Death on Pension cases are the most likely to miss the SLA. This was discussed with our administrators at the September client meeting. Death cases sit with the complex cases team where recruitment and training is ongoing to combat the issue. Additionally LPP are pulling together a more detailed breakdown of the cases that failed so we might better understand the impact on individuals.

3. Complaints

Earlier this year LPP appointed a dedicated complaint handler to deal with routine complaints and complaints submitted under the schemes Internal Disputes Resolution Procedure. The reasoning for appointing a dedicated complaint handler was twofold, firstly to ensure a consistency in the handling of complaints and secondly to act on lessons learned from complaints to improve service.

Complaints are also detailed on the monthly reports and monitored by the contract manager. Each case is reviewed individually to determine if further action is required. The below table outlines the complaints received from April to September:

COMPLAINTS AND IDR P CASES

Month	Complaint Summary	Status	Further Action
May	Paper Payslips	Resolved	None
May	Various Queries	Resolved	None
May	Refund delay - but was actually paid	Resolved	None
June	Level of Service & incorrect information	Resolved	None
June	Paper Payslips & response to previous complaint	Resolved	None
July	Entitlement to Refund	Resolved	None
Aug	Delayed Post	Resolved	Raised at Client Meeting
Aug	Entitlement to Refund	Resolved	Raised at Client Meeting
Sep	Advice Re Trivial Commutation	Investigating	

Two issues were raised and discussed at the September contract meeting. Firstly in August a complaint was made regarding postal delays to a member in Ireland. This was raised at the contract meeting because a similar complaint had been received in March from a member in Spain. LPP had already identified this as an issue and had upped their package with their provider to a premium service for overseas mail. It is expected this will resolve the issue.

The second issue raised was in relation to Entitlement to a Refund of Contributions as two similar complaints had been received in July and August. In both cases the member stated they had been advised by the contact centre that they were entitled to a refund and then subsequently informed they were not. Neither member was in fact entitled to a refund as they had other service in the LGPS which disqualifies such a refund. LPP agreed to pull the recordings of the conversations to identify what advice was given and if necessary, provide additional training.

4. Client Forum and Customer Feedback

In August LPP held their annual Client forum where they provide an update on their pensions administration service and where clients have an opportunity to engage on what they want to see.

At the forum LPP provided some details on their new Customer Satisfaction Surveys which launched earlier this year. Three surveys have been introduced, one on contact centre calls, one on contact centre emails and one on Retirement cases. At present data from these surveys cannot be split out by client, which is something LPP are still looking to resolve.

Contact Centre Calls

This survey relates to the call handling experience, scoring on a scale of 1 to 5, (1 very dissatisfied - 5 satisfied). The below table shows the results shared at the Forum:

Telephone	5	4	3	2	1
No. of Respondents	7833	1163	169	59	119
% of Respondents	84%	12%	2%	1%	1%

Callers scoring a 4 or 5 remains consistently over 90%, however it was highlighted by LPP that this survey is not yet randomised, meaning call handlers are passing members through to the survey which could lead to cherry picking good calls.

Contact Centre Emails

This survey relates to emails received by the contact centre and relates to the members view on how the email has been dealt with, covering speed, accuracy, quality of response and resolution. The below table shows the results shared at the Forum:

Email	Good	Average	Poor
No. of Respondents	1454	273	541
% of Respondents	64%	12%	24%

A link to the survey is appended to every email response sent by the contact centre, so there is no issue here of cherry picked stats. The first question asks respondents

to rate the service as good, average or poor, subsequent questions then drill into the reasons for the rating given.

Early insight from the survey is that the quality of response is generally perceived to be good, but the speed of response needs to improve.

Retirement cases

A survey is emailed to a random sample of recently completed retirements and relates to the members view of how the retirement has been dealt with looking at speed, accuracy, quality of response and resolution. The below table shows the results shared at the Forum:

Retirements	5	4	3	2	1
No. of Respondents	159	72	28	38	38
% of Respondents	47%	21%	8%	11%	11%

Early insight from this survey is that members want their retirement dealt with more quickly and want to understand the retirement process through better communication.

It needs to be highlighted that these surveys are still being developed. Firstly the results cannot currently be broken down by specific client so all the results above cover LPP's entire client base. Secondly the contact centre call survey needs to be randomised to provide reliable data.

Survey Dashboard

LPP monitor the survey results daily via a survey dashboard. The dashboard shows the statistical results, but also retains any comments left by members. This enables LPP to identify areas of concern and take feedback from members on specific areas. Action can then be taken to improve the customer experience.

Next Steps

As mentioned there are two key areas of development being looked at for these surveys, randomisation of the survey on the call centre, and an ability to provide client specific reports.

LPP are aiming to produce a quarterly report on customer satisfaction which will cover contact centre call waiting and resolution times along with the results from the satisfaction surveys. They are targeting Q3 for the first of these reports, but it is unlikely at this stage the data will be client specific.

5. Financial Implications

The Pensions Administration Contract with LPP costs £190,206.48 per annum and is paid for by the Pension Fund

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