

**Decision Maker:** LOCAL PENSION BOARD

**Date:** 4<sup>th</sup> November 2020

**Decision Type:** Non-Urgent Non-Executive Non-Key

**Title:** PERFORMANCE MONITORING REPORT 2020

**Contact Officer:** Thi Bang Hoang, Pensions Manager  
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**Chief Officer:** Director of Finance

**Ward:** Borough Wide

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1. Reason for report

- 1.1 This report is prepared by the Pensions Manager to provide the Local Pension Board with information to assess whether the Fund is complying with the Pension Regulator's Code of Practice on Governance and Administration of public service pension schemes.
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2. RECOMMENDATIONS

2.1 Members of the Local Pension Board are asked to note:

- a) The Pensions Regulator Code of practice 'Governance and administration of public service pension schemes' as a guide to good governance;
- b) The procedures and policies in place to monitor Liberata's performance;
- c) Liberata's current performance levels.

## Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
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## Corporate Policy

1. Policy Status: Existing Policy. The Council's pension fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.
  2. BBB Priority: Excellent Council
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## Financial

1. Cost of proposal: No Cost
  2. Ongoing costs: Recurring Cost. Total administration cost £5.3m (includes fund Manager/actuary/adviser fees, Liberata charge and officer time for the year ending 31<sup>st</sup> March 2020).
  3. Budget head/performance centre: (insert budget head) Pension Fund
  4. Total current budget for this head: £43.9m expenditure (pensions, lump sums, etc); £56.8m income (contributions, investment income, etc); estimated £1,218m total fund market value at 30<sup>th</sup> September 2020.
  5. Source of funding: Contributions to Pension Fund
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## Personnel

1. Number of staff (current and additional): The Local Pension Board comprises of 2 Employer Representatives and two Member Representatives. The Board is supported by the Pensions Manager.
  2. If from existing staff resources, number of staff hours: N/A
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## Legal

1. Legal Requirement: Statutory Requirement Local Government Pension Scheme Regulations 2013 (as amended).
  2. Call-in: Not Applicable.
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## Procurement

1. Summary of Procurement Implications: N/A
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## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): (insert no.) 5,875 current active members, 6,076 deferred pensioners and 5,628 pensioner members (for all employers in the Fund) as at 30<sup>th</sup> September 2020.
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## Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A
2. Summary of Ward Councillors comments: N/A

### 3. COMMENTARY

3.1 The Public Service Pensions Act 2013 (the 2013 Act) introduced the framework for the governance and administration of public service pension schemes and provides an extended regulatory oversight by the regulator. The Pensions Regulator under the requirements of the Pensions Act 2013 issued a Code of Practice on governance and administration of public sector pension schemes. This provides practical guidance and sets the standards of conduct expected of those exercising those functions. The Code of Practice provides practical guidance to the Council, as the administering authority and “scheme manager” and Local Pension Board members in relation to the exercise of functions under relevant pension legislation.

Further detail was provided to the Local Pension Board meeting on 6<sup>th</sup> November 2018 and to the General Purposes and Licensing Committee on 27<sup>th</sup> November 2018.

3.2 The Code is structured into four core areas of scheme governance and administration and these have been RAG rated to show current levels of compliance. A summary is attached at Appendix 1.

3.3 The Bromley Pension Fund Administration is carried out by Liberata and monitored by the Pensions Manager. The following procedures and policies are in place to monitor Liberata’s performance:

- **Monthly Service Review:** a service review meeting is carried every month with Liberata Pensions, LBB’s Pensions Manager and Assistant Director of Exchequer Services.

The review aims to help monitor performance and service quality, and support continuous improvement. A comprehensive Pensions Administration report is produced by Liberata covering the following:

- Monthly summary of regulations and circulars, general updates, training, data backup and reporting
- SLA monitoring and KPIs
- Membership analysis
- Operation plan (continuous improvement plan)
- Complaints and compliments
- Long term costs for retirements
- Monthly contributions schedule

In addition, Liberata also provides a summary of their current work statistics, a breakdown of all cases completed during the month and all cases outstanding at the end of the month.

Depending on the outstanding casework, recommendations will be provided to Liberata, such as clearance of failed cases to improve the overall level of performance moving forward and focus on cases with the highest volume of outstanding work.

- **Quality Checking:** this is a process to assess an individual’s competence in a particular area or if the complexity or risk of the task determines checking is required. It is always completed prior to the issue of any output.

Although Liberata has a quality checking process in place additional review is carried out by the Pensions Manager or Head of Corporate Finance and Accounting for the following tasks:

- Flexible retirement
- Payment of Death grants
- Large/ complex transfer value
- Complex queries

Quality checking must be undertaken by a different person than the officer who processed the case.

Quality checking provides an assurance on customer experience, accuracy of processing and ongoing achievement of competency levels. Customer satisfaction is monitored through the volume of repeat enquiries and complaints.

If an error is identified, feedback is provided to the officer who processed the case. As we gather more information, this may provide an opportunity to create a valuable set of training notes.

- Training: all Liberata staff members receive an induction to pension administration training upon starting their employment. Specialist training sessions are available upon request from the staff member.

Since 1 April 2020, in-house training on processes and calculations were as follow:

- Three staff have taken “estimates process and calculations” training
- Three staff have taken “transfer-in process and calculations” training
- One staff has taken “starters process and updating the system” training

There are a number of websites available for staff members to visit to improve their technical skills, such as LGPS Regulations and Guidance and LGPS Scheme Advisory Board.

3.4 Further details of management performance are also included in the Fund Administration Report on pages 23-24 of the Pension Fund Draft Annual Report.

3.5 The Pension Fund is also subject to an annual internal audit review of Pension Administration. The 2019/2020 audit concluded that, overall, substantial assurance could be placed on the effectiveness of the overall controls. There were no priority 1 recommendations raised as part of the audit.

Also, for the first time, there was an internal audit review of the Pension Fund Governance. The auditor was reviewing the governance arrangements in place for oversight and control over pension fund activity which impact on the reliability of records, integrity of information and compliance with relevant regulations. In September 2020, the auditor completed their review and raised three risks (none of which were priority 1) along with their recommendations.

3.6 The Pension Fund Annual Report and Accounts are also subject to external audit on an annual basis. The 2019/20 report is currently under review by Ernst and Young.

3.7 The performance monitoring report attached in Appendix 2 provides detailed statistics, prepared based on Liberata’s performance statistics between 1<sup>st</sup> April 2020 and 30<sup>th</sup> September 2020.

#### **4. POLICY IMPLICATIONS**

4.1 The Council’s Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.

**5. FINANCIAL IMPLICATIONS**

5.1 None arising from directly from this report.

5.2 Total administration costs were £5.3m (was estimated at £5.1m in 2019/20, includes fund Manager/actuary/adviser fees, Liberata charges and LBB officer time)

**6. LEGAL IMPLICATIONS**

6.1 The Public Service Pensions Act 2013 provides primary legislation for all public service schemes including the LGPS 2014.

<p><b>Non-Applicable Sections:</b></p>	<p>Procurement Implications          Impact on Vulnerable Adults and Children          Personnel Implications          Procurement Implications</p>
<p>Background Documents:          (Access via Contact Officer)</p>	<p>Public Service Pensions Act 2013;          Local Government Pension Scheme Regulations 2013 (as amended);          Code of Practice ‘Governance and Administration of Public Service Pension Schemes’          The Pensions Regulator Engagement Report “Governance and administration risks in public service pension schemes”</p>