

<u>MEETING</u> PENSION FUND COMMITTEE
<u>DATE AND TIME</u> TUESDAY 26TH MARCH, 2019 AT 7.00 PM
<u>VENUE</u> HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4AX

Dear Councillors,

Please find enclosed additional papers relating to the following items for the above mentioned meeting which were not available at the time of collation of the agenda.

Item No	Title of Report	Pages
1.	PUBLIC QUESTION AND COMMENTS (IF ANY)	3 - 10

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Procedure for Questions and Comments at Committees

At the committee meeting a time period of up to 30 minutes, is available for public questions and comments in total. Public comments will be received by the Committee before supplementary questions are asked. Where a resident has submitted more than one question, their second item or question will be considered after all other residents have asked their first supplementary question. Supplementary questions will continue to be asked in this way until there are no further questions or 30 minutes has elapsed.

Qn No	Item No	Raised by	Question Raised	Answer
1	8	Theresa Musgrove	Why was the data report, with its admission of such an astonishingly high level of errors, and another report, withheld from publication until a complaint was made to the Chief Executive?	The data report has already been published at the Local Pensions Board on 11 February 2019 under agenda item 11. An administrative error led to the report being published late for this committee. The performance issues were also discussed in detail at Financial Performance & Contracts Committee on 11 March 2019 under agenda item 11, specifically in paras 1.9-1.11.
2	8	Jon Dix	When did officers receive the Hymans Robertson report into data quality given the document properties suggest it was created and modified on 10 January 2019, and why was it published so late?	As outlined in the answer to question 1 above, the data quality issues were discussed at both the Financial Performance & Contracts Committee on 11 March 2019 under agenda item 11, specifically in paras 1.9-1.11 and the data quality report had previously been published at Local Pensions Board on 11 February 2019 under agenda item 11 where it was also discussed.
3	8	Theresa Musgrove	How many scheme members were sent annual statements last year, and in the previous year, that had the incorrect age of qualification?	In order to answer this question, a special exercise has to be carried out on the Pensions system. This exercise is in progress and will be reported to members of the interested committees and published when completed.

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4	8	Jon Dix	Given this problem was known of in 2016 why is it still not fixed?	<p>The problem is in the process of being fixed. It was discussed in detail at Financial Performance and Contracts Committee on 11 March 2019 where it was agreed with the committee that progress reports on the current action plan, as described further below, would be sent to members of that committee, the Pension Fund Committee and Local Pensions Board. It was also agreed that Financial Performance and Contracts Committee would continue to lead on the review of the discussions with Capita on the issues around this contract. It should be noted that formal rectification notices have been sent on three occasions covering a range of issues.</p> <p>A detailed appendix (A) has been attached to this answers document which provides the up-to-date position.</p>
5	8	Theresa Musgrove	If you have not checked the statements for this error, why not?	See answer to question 3 above.
6	8	Jon Dix	Does this huge administrative failure risk further fines/ regulatory action from the pension regulator and if so what are the likely consequences of such actions?	The council and Capita recognise that unless significant progress is achieved there is a high probability of regulatory intervention. If Capita are able to demonstrate to the regulator an 80% reduction in the number of critical errors by 31 March 2019, as is currently planned, then the probability of intervention is likely to be reduced.

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				This is recognised as being a serious issue and is being closely monitored by senior officers in the council as was discussed at Financial Performance and Contracts Committee on 11 March 2019 and will continue to be closely monitored by that committee, Pension Fund Committee and Local Pensions Board.
7	8	Theresa Musgrove	Why does Capita not inform members before the point of qualification, or advise them of their choice of options at a stage when they are able to choose?	Capita contact deferred members 3 months prior to their normal retirement date in order to provide members with their associated pension options.
8	8	Jon Dix	What reassurance can be provided to scheme members that their pensions will not be affected by this failure?	Data errors are the responsibility of the employer and scheme member benefits are as set out in LGPS regulations and members are protected from any impact on their benefits as a result of data quality.
9	8	Theresa Musgrove	How bad does the administration of the pension scheme have to be, before members act to remove it from the hands of this administrator, and take it back in house?	The quality of the data has already improved as shown in the attached appendix as measured by the scheme actuary as agreed with the Regulator.
10	8	Jon Dix	What immediate actions will the committee take to resolve/remedy these failures?	See answer to question 4.
11	8	Theresa Musgrove	What is the highest acceptable percentage of error in data management that will be allowed?	Irrespective of any regulatory standard of acceptable percentage, the council will be pushing Capita towards the lowest possible practical level of errors.

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12	8	Theresa Musgrove	Is the failure to run the pension scheme with a reasonable standard of competence posing a risk that the authority is in breach of its duty as specified in 5.6.1 and 5.6.2 of the report?	The data quality issue is fully recognised and is being dealt with, as is the issue in relation to bonds and admission agreements.
13	8	Theresa Musgrove	In view of Item 5.5.1, and the statement that 'Good governance is essential to managing the risks of the pension fund', what further risk assessment has been made of leaving the scheme's administration with Capita?	The data quality is improving and significant further improvement is expected by 31 March 2019.
14	8	Theresa Musgrove	What is the view of the external auditors in regard to the risks posed by Capita continuing to administer this scheme?	The external auditor's view is captured in the ISA260 (letter written to those charged with governance; Audit Committee) proceeding the annual audit.
15	8	Theresa Musgrove	Why has this committee failed to compel Capita to reduce its error score to a negligible level?	See answer to Q4.
16	8	Theresa Musgrove	Why are the commissioning officers responsible for scrutinising this team failing to hold Capita to account with any acceptable level of competence?	All parties recognise that there has been a significant performance issue in relation to the data, however, all parties are now focused on correcting the problem and as noted in response to question 4 above, progress has been made in correcting the data and Capita have made a commitment to reduce errors by 80% by 31 March 2019 and members of Financial Performance and Contract Committee, Pensions Fund Committee and Local Pensions Board will all be notified

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				<p>of the status of this and each of the committees will continue to monitor progress.</p> <p>In addition, as provided for in the contract, rectification notices have been sent on three occasions covering a range of issues.</p>
17	8	Theresa Musgrove	Why is the so called 'helpline' for pension scheme members staffed with Capita employees in a call centre who refuse to disclosed if they are qualified or trained to discuss details of benefits?	All members of the Pensions Team in Darlington are subject to a training and competency model. In addition, a specialist LGPS Technical Team is in place to support and / or provide associated technical guidance and information for complex LGPS related matters.

Public Comment – Item number	Agenda Title	Name
8	<p>Data Quality: http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=191&MId=9500</p>	Theresa Musgrove

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Pensions Administration – Actions

1. Data Quality

Weekly “Checkpoint” meetings between Capita and the Council have been instituted to monitor progress, supplemented by weekly data uploads to the Scheme Actuary’s (Hymans Robertson) Portal. As at 20th March, critical errors had reduced from 7,653 to 3,983 in line with Capita’s latest forecast. Capita have committed to an 80% reduction in critical errors by 31st March 2019.

Capita have a detailed internal plan, run by a full time Project Manager, to reach this target. There are five workstreams:

1. Council member validations (Capita operated payroll- Belfast)
2. School member validations (Capita operated payroll-Carlisle)
3. Third party payroll validations (Mainly operated by EPM & Strictly Education)- where appropriate escalations have been sent to council officers for follow up
4. IT “fixes” to ensure the Universal Data Extract (UDE) loads correctly to the Hymans portal
5. Manual validations on individual records undertaken by the Pensions team in Darlington

The Capita team will remain “stood up” beyond 31st March to continue to work on outstanding Data Quality items, particularly 2018/19 data that will only be available from 1st April onwards, with a view to providing good quality data to Hymans for the 2019 valuation.

2. Admission agreements and bonds

The Council has been working with Capita, Hymans Robertson and HB Law to ensure outstanding admission and bond agreements are put in place as soon as possible. Additionally, and in order to expedite the process, it is recommended that the approval of admission agreements is delegated to the Section 151 Officer and subsequently reported to Pensions Committee.

More detail can be found in the report to Pension Fund Committee on March 26th (Appendix C).

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