

## **Decisions of the Local Pension Board**

18 July 2019

Members Present:-

Geoffrey Alderman (Chairman)

Hem Savla (Vice-Chairman)

Stephen Ross

Sala Rida

Councillor Thomas Smith

### **1. MINUTES OF LAST MEETING**

Prior to the minutes being considered it was noted that Councillor Smith's name be correctly illustrated in the attendance list. Mr Salar Rida requested that a report should be added to a future meeting that contains reports of breaches.

#### **Resolved:**

- That the minutes of the meeting held on 09 April 2019 be approved as an accurate record subject to the above.

### **2. DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS**

None.

### **3. ABSENCE OF MEMBERS**

An apology for absence was provided by Mr David Woodcock and substitute Member Mrs Alice Leach.

The Chairman noted that there was a vacancy and therefore requested that the position be filled as soon as possible.

### **4. PUBLIC QUESTION AND COMMENTS (IF ANY)**

None

### **5. REPORT OF THE MONITORING OFFICER (IF ANY)**

None

### **6. MEMBERS' ITEMS (IF ANY)**

None

### **7. DECISIONS MADE BY THE PENSION FUND COMMITTEE**

The Head of Treasury and Pension, Mr George Bruce introduced the report, he gave an overview of the reports received by the Pension Fund Committee that had been resolved.

During the discussion, Mr Stephen Ross requested to know if the Pension Fund Committee gave full scrutiny of the data quality and if the Committee commented on The Pensions Regulator intervention. Mr Bruce said that only a verbal update had been presented to the Pension Fund Committee. However he said that the issue had been reported to both the Audit Committee and the Finance and Performance Committee. He added that the Council considered the matter very serious and stated that the Council were working with Capita to address the issues.

Mr Hem Savla made comments on the quality of data. He stated that as of 1 April there were 1880 instances of wrong retirement figures relating to member records that required amending because of errors. He requested to know:

- What the risks associated to the normal retirement age were?
- What is the risk to Members because the date of retirement age was incorrect and if Members were able to collect their pension correctly?
- Because of the errors in relation to normal retire age, was the evaluation corrupt and was the pension value therefore inaccurate?

Mr Savla concluded by stated this was a very serious matter.

The Chairman requested that the Head of Treasury and Pension respond to Mr Hem Savla in writing.

Mr Salar Rida also commented on the categories of errors and therefore he requested that the Local Pension Board received information in respect to this. Mr Rida said that it would be helpful for the Local Pension Board if a full list of errors be submitted. He also requested to know in terms of the CIV what the cause of the delay was. Mr Bruce said that the matter was with the FCA as approval was needed and therefore it was expected that there would be a development in September.

Having considered the report, the Local Pension Board:

**Resolved:**

That the Local Pension Board noted the procedures applied by the Pension Fund Committee when reaching decisions at recent meetings. The outcome of these discussions to be reported back to the Pension Fund Committee.

That the Local Pension Board requested that Mr Hem Savla's question be responded to in writing and provided to all Board Members before the next meeting.

## **8. REGULATORY INTERVENTION**

Mr George Bruce introduced the report. He stated that The Pension Regulator (TPR) had issued a draft improvement notice to London Borough of Barnet to address weaknesses in the processes and controls within the administration of the Barnet Pension Fund. He informed Members that the Pensions Regulator had given a deadline of 31 August 2019 to have implemented improvements in three areas. Mr Bruce outlined what steps were in place to address concerns as outlined within the report.

Mr Stephen Ross said that Board Members are not surprised with the intervention of The Pension Regulator. He said that the Pensions Board had at every opportunity provided

scrutiny and raised concerns constantly. He stated that he felt that the Local Pension Board had been ignored and he added that he was very disappointed. Mr Ross added that the Local Pension Board Members had not received any information in regard to the pension regulator's intervention outside the meeting, this he noted had been requested. He said that the Local Pension Board had flagged at every opportunity their concerns and he felt that an option was that the Local Pension Board reports itself. Mr Ross requested to know:

- Who would pay any fine from the Regulator if imposed?
- What is the contingency if the deadlines are not met and the regulator feel that the Council is inadequate
- Requested that the Local Pension Board are notified when all areas are compliant

The Chairman said that the role of the Local Pension Board was vague but he said he felt that the Local Pension Board's role was to advise, encourage and to warn. He noted that unfortunately there had been warnings that had been minuted at both Board and Committee meetings. He said that he did not believe that the Local Pension Board had failed its duty.

Mr Hem Savla requested to know if the London Borough of Barnet were the only Borough to encounter such problem. In response to this Interim Pensions Manager Mr Nigel Keogh said that there are often challenges with data but not to the extent that Barnet had experienced.

Mr Bruce said that the process has started to put in place a contingency arrangement to appoint a new administration provider should the requirements of the improvement notice not be achieved. He said that the Council was meeting potential organisations in order to assess their ability to provide an alternative administering service. Mr Ross said that this he was disappointed that again members of the Board had not received any information that an improvement notice had been issued. He said that in his view the Local Pensions Board are not been taken seriously and he noted there is no effective communication plan. The Interim Pensions Manager Mr Nigel Keogh stated that the Council were working with Capita to deliver the improvement plan and a monthly performance report. He confirmed that an update would be provided at a future meeting.

Mr Savla noted that he took comfort knowing that the Council's Internal Audit Team would be involved in the improvement process.

Mr Bruce said that the monitoring of administration had not been effective for some time. He said that the London Borough of Barnet Pension's Team had grown and is now better resourced. He added that the Council were previously over reliant on Capita and the information provide by them. The Chairman said that at every Pension Board meeting he had advocated that a financial penalty to employers for noncompliance be imposed. He continued that he made representations at the Pension Fund Committee to advise that a fine be imposed. Mr Bruce said that instead of issuing fines Officers of the Council had sought to engage with the employers who are failing to meet the statutory requirement.

Councillor Smith said that it was critical that the 31 August deadline set by The Pensions Regulator be met. He said that he shared the views of fellow Board Members and also agreed that it was time to fine employers, he added that it was time to take a tougher approach. He added that within the report, the letter from The Pensions Regulator noted that an analytical review be completed in line with the internal audit report. Mr Bruce said that the analytical review process was now in place

The Board noted that in the event of a fine from the regulator it would be payable by the Capita or the Council. Mr Bruce said that a full update would be reported at the next meeting. He stated that full measures would be considered in order to review all available options in order for the Council to deliver an efficient pension administering function.

Having considered the report, The Local Pension Board:

**Resolved;**

- The Local Pension Board noted the content of the draft Improvement Notice and the actions being taken to comply
- That the Local Pension Board have at its next meeting an item that outlines a full update on the Regulatory Intervention

## **9. PERFORMANCE REPORT**

The Interim Pensions Manager Mr Nigel Keogh introduced the Capita Performance Report for the period March to May 2019.

Mr Hem Savla provided an outline of his concerns of the data within appendix A and stated that the performance ratings were poor. He requested that it be minuted that Capita did not have enough resources to act as the London Borough of Barnet's administrator. He said that it was clear that issues were not being addresses and in many circumstances a large number of cases remained unresolved. Mr Sala Rida agreed with these comments and outlined that it was not clear how performance would be improved.

Having considered the report, The Local Pension Board:

**Resolved;**

The Local Pension Board noted the current performance levels.

## **10. OPERATIONAL IMPROVEMENT PLAN**

The Local Pension Board noted that the item be withdrawn as it was not ready for consideration. Board Members raised their concerns in relation to this and requested that this be circulated when the document was available.

Mr Stephen Ross stated the intervention of the Pensions Regulator was too late and that the Members of the Board should have received information of any such intervention by the pensions regulator and any improvement plans at the earliest opportunity.

**Resolved**

- That the Local Pension Board noted that the item be withdraw
- That the Local Pension Board requested that the Improvement Plan be circulated to the membership as soon as it available

## **11. WORK PROGRAMME**

The Local Pension Board noted the work programme and requested that the following items be added:

- reporting breaches of policy
- communication Plan
- Pension Regulator
- review of the risk register and cyber security

**12. ANY OTHER ITEM(S) THE CHAIRMAN DECIDES ARE URGENT**

None.

The meeting finished at 21:36