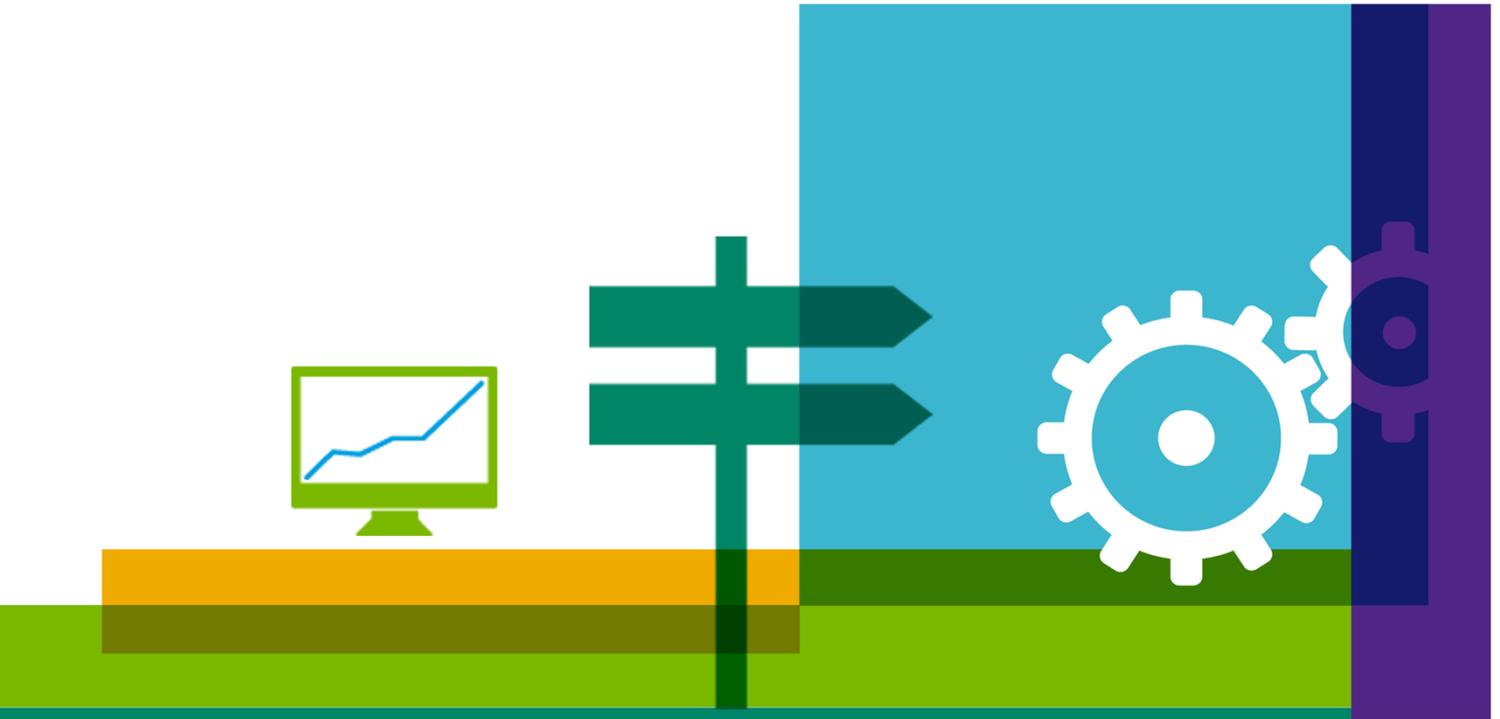


CAPITA



Report to the London Borough of Barnet 1st May 2017 – 31st July 2017

London Borough of Barnet Pension Fund

21st August 2017

Executive Summary

Capita Employee Benefits is pleased to report to the Pension Board of the London Borough of Barnet Pension Fund for the period May to July 2017 inclusive.

During an extremely challenging period, we have been able to achieve a performance level of **96.44%** against industry standard performance targets.

Simultaneously, we have also dedicated significant resource to the collection and validation of end of year returns from all employers that will ultimately form the basis of the information required for the Annual Benefit Statements that are due to be issued to members by 31 August 2017.

Following receipt of an intervention report from the Pensions Regulator for the non-completion of the 2016 Scheme Return, Capita has been working closely with the Council to bring greater transparency to the governance of the Pension Fund and the various controls that are in place to satisfy operational and regulatory requirements. Actions and responsibilities have been agreed and are captured in a formal Service improvement Programme.

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Performance Summary

Performance Statistics for period May to July 2017 inc.

This report has been designed to provide a summary of the performance of the administration of the London Borough of Barnet Pension Fund for the period specified above.

The table below outlines a summary of the transactions in the period:

Table 1

Work Category	Volumes
All work outstanding at the beginning of the period	1,606
Cases received in the period	5,400
Cases completed in the period	4,013
Cases re-categorised during the period	433
All work outstanding at the end of the period	2,560
Number of outstanding cases awaiting third party information	1,623
Number of workable items	937
Total	2,560
Cases completed within standard LGPS targets	3,870

Capita is pleased to report that of the **4013** cases completed in the period, **3870** were completed within target which represents overall SLA compliance of **96.44%**.

Performance Breakdown

In order to provide a greater understanding of the key transactions completed in the period, the following table sets out our performance against those transactions showing the starting and finishing position and the performance level achieved against each Case Type in the period:

Table 2

Case Type	Start	Received	Completed	Terminated	Carried forward	Completed in target	SLA %age
Change of details	41	145	145	14	27	140	96.55%
Enquiries	98	271	236	24	109	227	96.19%
Request for Estimate of Benefits	69	180	151	19	79	141	93.38%
Leavers	509	173	104	17	561	89	85.58%
New Starters	34	310	85	17	242	85	100.00%
Retirements	98	88	75	12	99	68	90.67%
Transfers In	51	7	3	1	54	3	100.00%
Transfers Out	14	9	10	0	13	8	80.00%
Bereavements	103	56	50	0	109	44	88.00%
Other	589	4161	3154	329	1267	3065	97.18%
Total	1606	5400	4013	433	2560	3870	96.44%

Whilst overall compliance is pleasing, we will focus our attention on those categories that are below 90% with a view to achieving this as a minimum standard in future.

A schedule of the SLA targets that form the basis of this compliance analysis is shown at **Appendix A**.

Work in Progress Position

The following table provides a breakdown of the age profile of the cases that can be progressed by Capita and those cases that require third party information before further action can be taken as summarised in **Table 1**.

Table 3

<3 Months		>3 Months		>6 Months		>12 Months		>18 Months		>24 Months	
Capita	3rd Party	Capita	3rd Party	Capita	3rd Party	Capita	3rd Party	Capita	3rd Party	Capita	3rd Party
866	508	20	208	41	251	4	490	5	110	1	56

A complete breakdown of all outstanding casework, split between workable items and non-workable items is shown as **Appendix 2**

Actions Required:

- Although it is not reflected in the numbers shown above, due to the timing of the report, work has started on reviewing the outstanding work position. Starting with the oldest cases first, we will have reviewed all cases over 18 months old with a view to completing that review by the end of this month. We fully anticipate that the volumes reported to the Council in the August performance report will show a noticeable improvement in the age profile with only exceptional cases outstanding over 18 months.
- As a separate exercise, we also intend to conduct a review of all leaver cases that are shown as awaiting third party information. We anticipate that many of these are awaiting a response from the member regarding the option to take a refund of contributions, transfer out or remain as a deferred pension. Once the analysis is complete, our recommendation is to show these records as deferred liabilities since the member has not exercised their option to take an alternative benefit.

Administration Update

Mortality Screening:

The work to review the matches of “highly likely” bereavement cases on the NFI database has been transferred to the centralised payroll support function in Capita’s Darlington Shared Service function.

NFI data is made available via a web portal in February each year. This member data is downloaded and investigated against individual member records. Updates are posted via the portal to the NFI database on a monthly basis confirming the status of each case.

The Payroll Support team has reviewed 30 bereavement cases marked as deceased on the NFI database and compared these to the status of the records on the pension administration system, HartLink.

Notification of death had already been received in 28 of the 30 cases and the administration team have contacted next of kin and / or legal representatives to progress the cases through to completion.

Our investigations have highlighted 2 cases where we have not previously been notified of the death. We are currently in the process of trying to establish contact with any next of kin to determine any entitlement to further benefits and / or arrange recovery of any overpaid pension.

Currently, the Pension team has authority to write off pension overpayments up to £50. In circumstances where the amount is greater than £50, the cases are referred to the Council on an individual basis for a decision.

Admitted Bodies:

Capita provided an updated Admitted Bodies report to the Pension Fund Committee on 18 July 2017.

It was noted that a number of the employers have failed to provide details of their bonds or guarantees that are required under the current process. Capita Finance reported that they are currently working with the Scheme Actuary to establish if an alternative solution can be reached that would overcome the current difficulties in attaining these guarantees from employers when the arrangement could involve as few as 1 employee.

In the meantime, Capita continues to chase employers for any missing information until an alternative process is agreed.

At this point, Capita is not aware of any plans to admit any new bodies into the Fund.

Additional Current Projects:

Service Improvement Plan

Capita has devised and submitted a Service Improvement Plan designed to address the issues that have been highlighted in the administration of the Pension Fund.

Key deadlines have been proposed for the delivery of the elements of this plan and these will be monitored separately within Capita with independent oversight from our Group Business Assurance function reporting directly into the Head of Public Sector Pensions.

GMP Reconciliation

Following the abolition of contracting out for DB schemes, each scheme is required to undertake a reconciliation of GMP records with HMRC before they close down their records in December 2018. CEB is currently in the process of completing this reconciliation and will report progress at to the Council and the Pension Board at future meetings.

Scheme Calendar Overview

Focus throughout July 2017 has been on analyzing and testing Annual End of Year data returned from employers in preparation for the calculation preparation and distribution of the Annual Benefit Statements by 31 August 2017.

Annual Benefit Statements have been calculated and submitted to the printers. At the time of producing this report, it is fully anticipated that these will be printed and issued by the due date.

Activities that are outside of the member services are managed by a separate team to allow the administration team to focus on responding to member queries and transactions. The activities scheduled for the next 3 months are shown in the table below:

Forward View (August to October 2017)

Type of Work	Activity	Required by	Issue date or completed
Event	Child Review Report for 2017	31/8/17	
Event	Issue active member annual benefit statements	31/8/17	
Event	Issue overseas pensioners life declarations	31/8/17	
Request	Summer Accounts data to Hymans	31/8/17	
Request	Submit GAD Cost Cap Valuation data	31/8/17	
Request	Liaise with GAD on Cost Cap Valuation outputs	30/9/17	
SIP	Common Data Analysis	30/9/17	
Event	Issue Pension Saving Statements to those who exceed Annual Allowance	6/10/17	
Event	Issue remaining Pension Saving Statements	31/10/17	
SIP	Devise Conditional Data tests to LBOB	31/10/17	
Event	Issue Annual Scheme Return to tPR	31/10/17	
SIP	Analyse results of data loaded to Hymans Portal (the Brain)	31/10/17	

Complaints

Whilst Capita strives to deliver an excellent service in all aspects of the administration of the Fund, on occasion, members and employers may express dissatisfaction over the service that they receive.

In such circumstances, a complaint case is formally recorded on our workflow system and referred to our independent Customer Relations Team for investigation. The Customer Relations Team conduct a thorough review of the circumstances of each individual case in order to classify if the complaint against Capita is justified or not. For example, the member may be complaining around a certain process or decision that is totally reasonable and in line with the rules of the scheme. In these circumstances, the complaint would be classified as unjustified.

The Customer Relations Team also conducts a thorough Root Cause Analysis (RCA) of each case to identify any underlying trends in the administration relating to People, Process and Systems that need to be improved. This information is fed back to the individual management teams to address. At the same time, details of all complaints and RCA are reported separately to CEB's Risk and Compliance Committee for consideration at Executive level, which ultimately feeds into Capita Group's Board.

Since January 2016, there have been 17 complaint cases, of which 8 were found to be justified. Whilst there are no alarming trends, the main themes of the justified complaints relate to delays in providing information and issues regarding continued eligibility to pensions in payment where members/beneficiaries have been asked to provide proof of existence. In response to this, this work has been moved to our specialist shared service function.

At this time, there are 4 open complaints under investigation. The details are shown in the table below:

Member Ref.	Date Received	Details	Justified	Resolution
Member A	7/6/17	Child's pension suspended while awaiting confirmation of continued entitlement. Response required technical advice leading to further delays. Complaint regarding the process and subsequent delays raised by father. Further delay caused while seeking clarification of any potential DPA breach by disclosing specific details to the father	tbc	It has been agreed that generic details regarding the process can be disclosed to the father but since the payee is over 18 specific details cannot be shared.
Member B	18/7/17	Member did not receive an Annual Benefit Statement for 2015/16 due to an issue with their pension record.	Y	Member record has been corrected and a manual ABS has been calculated and is in the process of being checked and issued
Member C	24/7/17	Guidance provided by the Pension team to HR regarding the pension strain costs and the terms of retirement were conflicting. Further technical advice was sought which clarified that strain costs fell to the employer not the employee. The employer has complained that the information provided was incorrect.	Y	A full investigation identified a training need in the Pension team which has been addressed. A clarification note setting out the accurate position is being prepared to be issued to the employer and the member
Member D	27/7/17	Member left the scheme in 1993 and retired on the grounds of ill-health in 2015. Member has complained that she has received advice that confirms that she can reverse that decision and revert back to deferred status. She has been advised that this is not possible and is now complaining that she was not given enough information to make an informed decision at the time she retired.	tbc	Still under investigation

Appendix A

Standard LGPS SLA Measures

Case Type	Measurement
Change of Personal Details	Process change to member details within 10 days of receipt of request
General Enquiries	Provide response to member or beneficiary within 10 days of receipt of correspondence
Request for Estimate of Benefits	Issue benefit quotation within 10 days of receipt of request
Leavers on Termination / Opting Out	Provide statement of Preserved Benefits within 20 days of notification of exit
	Process payment of refund of contributions within 10 days of receipt of notification
	Process payment of transfer value within 10 days of receipt of all relevant documentation
New Starters	Creation of system record within 4 days of receipt of notification
Retirements	Issue retirement quote to members 7 months prior to their normal retirement date
	Issue retirement quote within 10 days of receipt of request
	Process payment of pension lump sum on normal retirement date of within 10 days of receipt of preferred options where appropriate

Transfers In	Issue request for transfer details to previous scheme within 5 days of receipt of new starter details
	Issue request for payment of transfer value within 10 days of receipt of member's confirmation to proceed
	Update member record with details of transfer in within 7 days of receipt of transfer value payment
Transfers out	Provide details of deferred pension and transfer value within 20 days of receipt of request from new scheme
	Process payment of transfer value within 10 days of receipt of member's confirmation to proceed
Bereavements	Issue initial correspondence to beneficiary following notification of death within 5 days
	Issue details of benefits payable on death within 5 days of receipt of completed documentation
	Process payment of death lump sum within 5 days of receipt of documentation
Miscellaneous (or Other)	Issue appropriate documentation / response to requests for information within 10 days of receipt of request

- Any reference to “day” (or “days”) should be interpreted as Working Day which means a day Monday to Friday excluding English Bank and public holidays.

Appendix 2

Aged Breakdown of Outstanding Cases

Case Type	<3 Months		>3 Months		>6 Months		>12 Months		>18 Months		>24 Months	
	Capita	3rd Party	Capita	3rd Party	Capita	3rd Party	Capita	3rd Party	Capita	3rd Party	Capita	3rd Party
Change of details	23	0	0	0	1	0	0	3	0	0	0	0
Enquiries	41	12	0	15	0	6	0	3	0	0	0	0
Request for Estimate of Benefits	19	24	1	15	1	7	0	11	0	1	0	0
Leavers	15	68	1	44	0	121	1	249	0	44	0	18
New Starters	23	187	0	0	0	6	0	25	0	1	0	0
Retirements	9	35	1	15	0	13	0	16	0	6	0	4
Transfers In	2	4	0	4	2	6	2	15	2	10	0	7
Transfers Out	0	5	0	6	0	1	0	0	0	1	0	0
Bereavements	9	19	2	21	1	21	0	16	0	5	1	14
Other	725	154	15	88	36	70	1	152	3	42	0	13
Total	866	508	20	208	41	251	4	490	5	110	1	56

Appendix 3

Glossary of Terms

Term	Description
Case	Any enquiry, request or transaction that requires action from Capita that is logged onto Capita's workflow system and measured against specific performance targets, as set out in Appendix 1.
Complaint	Any expression of dissatisfaction with any service provided by Capita or a member of its staff or any third party whether made in writing or verbally
Fund Administration Strategy	A formal statement from the Scheme Manager setting out the roles and responsibilities of all stakeholders in relation to the administration of the Pension Fund and the standard of performance that all stakeholders should expect.
GAD	Government Actuary's Department – responsible for providing actuarial advice to public sector clients
Operational Governance	A record of the procedural and systematic controls operated in the administration of the Fund to ensure compliance with all regulatory and client specific requirements
Pension Fund Risk Register	A formal register of all known and emerging risks and mitigating actions that the Scheme Manager will monitor and review on an ongoing basis to evidence effective governance
Scheme Calendar	A record of all cyclical activities that occur over a scheme year, some of which that relate to regulatory compliance that are managed outside of member services.
Service Level Agreement	An agreed schedule of performance measures that sets out the targets for completing specific transactions within defined timescales that are built into and reported through Capita's operational MI
Third Party	Any individual, organisation or representative which Capita may rely on to provide information or documentation to complete an administrative process.

Appendix 4

“Other” Category

Appendix 2 above provides a breakdown of the categories of outstanding work. The nature of enquiries handled by the pension administration team can be varied and, consequently, the number of categories of work can be extensive.

Appendix 2 includes the case type “Other” which represents a number of miscellaneous categories of work that are undertaken in the administration of the Fund. Typical examples of the types of work that are captured under this category are:

HMRC tax code changes

HMRC enquiries

GMP notifications

GMP enquiries

Child pension reviews

Continued eligibility queries

New entrants

Pension abatement

DWP enquiries

Change in working hours

Maternity leave

Nomination enquiries

Change in nomination details

Processing original certificates

BACS rejects

Payment reissues

NFI processing

Pensionable service updates

Power of Attorney / Court order deductions