

MEETING

LOCAL PENSION BOARD

DATE AND TIME

THURSDAY 4TH FEBRUARY, 2021

AT 6.00 PM

[The Audio to the meeting can be found here](#)

TO: MEMBERS OF LOCAL PENSION BOARD (Quorum 3)

Chairman: Geoffrey Alderman

Vice Chairman: Hem Savla

Stephen Ross
Rebecca Doctors

Councillor Thomas Smith
David Woodcock

Salar Rida

Substitute Members

Councillor Helene Richman
Alice Leach

In line with the Constitution's Public Participation and Engagement Rules, requests to submit public questions or comments must be submitted on 01 February 2021 by 10AM. Requests must be submitted to Paul Frost.

**You are requested to attend the above meeting for which an agenda is attached.
Andrew Charlwood – Head of Governance**

Governance Service contact: Paul Frost - 0208 359 2205

Media Relations Contact: Tristan Garrick 020 8359 2454

ORDER OF BUSINESS

Item No	Title of Report	Pages
1.	Minutes of last meeting	5 - 8
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3.	Absence of Members	
4.	Public Question and Comments (if any)	
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Decisions of the Local Pension Board

17 November 2020

Members Present:-

AGENDA ITEM 1

Geoffrey Alderman (Chairman)

Hem Savla (Vice-Chairman)

Stephen Ross

Councillor Thomas Smith

Salar Rida

Rebecca Doctors

Also in attendance

Alice Leach

1. MINUTES OF LAST MEETING

Resolved:

That the minutes of the meeting that took place on 02 September 2020, be approved.

2. DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS

None.

3. ABSENCE OF MEMBERS

The Local Pensions Board noted apologies for absence from David Woodcock.

4. PUBLIC QUESTION AND COMMENTS (IF ANY)

None.

5. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

6. MEMBERS' ITEMS (IF ANY)

None.

7. PENSIONS ADMINISTRATION TRANSITION (PAT) PROJECT UPDATE

Mr Nigel Keogh, Strategic Pensions Consultant and Transition Project Director introduced the report and provided an update on the progress on the transition plan. He outlined the administration service that was to be provided by West Yorkshire.

The Local Pension Board Members had the opportunity to raise questions and make comments.

Resolved:

The Local Pension Board noted the report and progress against the plan.

8. PENSIONS ADMINISTRATION RISK REGISTER

Mr Mark Fox, Pensions Manager introduced the report and gave a full overview of the Risk Register.

Members noted that this was a standing agenda item for the Local Pension Board. The Local Pensions Board Members made comments in respect to the Administration Risk Register as captured in appendix A. Mr Stephen Ross suggested to Officers some areas where the document could be improved.

Having considered the report the Local Pensions Board:

Resolved:

The Local Pension Board noted risk register

9. DECISIONS MADE BY THE PENSION FUND COMMITTEE

The Head of Finance for Pensions, Mr Bruce introduced the report. He provided an overview of the report. Mr Bruce noted a training event that was to take place on Thursday 19 November 2020 for Members of the Pensions Fund Committee in respect to sustainable equities

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 and considered any issues associated with those procedures and decisions. The Board noted that outcome of these discussions is to be reported back to the Pension Fund Committee.

10. ADMINISTRATION PERFORMANCE REPORT

Mr Mark Fox, Pensions Manager introduced the report. He provided Board Members with the pensions administration performance report for May 2020. Members noted that there had been a decline in performance and that Capita appeared to be working outside the relevant service level agreement.

The Local Pension Board expressed their concerns on the poor performance of Capita especially in relation to non-compliance in relation to annual benefit statements.

Mr Rida requested that when a breach occurs or is likely to occur giving rise to self-reporting to the Pensions Regulator, the Local Pension Board Members are notified. Mr Ross and the Chairman thanked Mr Rida for raising this point, which the Board agreed should be minuted.

Having considered the report, the Local Pension Board

Resolved:

The Local Pension Board noted Capita's final performance levels, the final update from Capita on reducing non-actionable caseload backlogs, along with the update on Annual Benefit Statements and the actions taken/being taken, to correct the issues that have arisen.

11. LEGISLATIVE AND REGULATORY UPDATE

Mr George Bruce gave an overview of the report before the Committee. He outlined the legislation and regulations that impact on scheme benefits, dealing with surpluses and deficits on cessation and the governance of climate-related risks.

The Local Pension Board requested to receive progress on McCloud and Goodwin. Mr Bruce said that a project plan would be available soon and this would be shared with Board Members.

Mr Salar Rida requested that Scheme Members receive information as follows:

- Short paragraph about recent changes to legislation impacting Pensions
- Hyperlink to appendix 1 of this report on legislative changes
- Contact details for any questions about pensions.

Mr Nigel Keogh said that a newsletter would be distributed to scheme members by West Yorkshire and therefore this could be included in that correspondence.

Having considered the report, the Local Pension Board

Resolved:

That the Local Pension Board noted the update and actions being taken by Officers.

12. EXTERNAL AUDITOR'S REPORT

Mr George Bruce gave an overview of the report before the Committee. The Chairman invited external auditor, Mr Leigh Lloyd to present the appendices to the Officers report.

Members of the Committee had the opportunity to consider the report, question Officers and make comments.

Having considered the report the Local Pension Board:

Resolved:

1. noted the matters raised by the external auditor (Appendix A) in respect of the audit of the 2019/2020 Accounts and Annual Report
2. the Local pension Board raised some matters arising from the Auditor's Report that were duly responded to.

13. WORK PROGRAMME

The Local Pension Board noted that the Board's Annual Report would be reported to a future meeting.

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

None.

The meeting finished at 19:57



Local Pension Board AGENDA ITEM 7

4 February 2021

Title	Compliance with TPR Code of Practice 14
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Compliance checklist Appendix B – TPR Compliance questionnaire
Officer Contact Details	George Bruce, Head of Pensions 0208 359 7126 george.bruce@barnet.gov.uk

Summary

The Pensions Regulator has produced a self-assessment tool that sets out key processes, tools and actions they expect to see in a well-run scheme. Compliance with the recommendations is measured and outstanding actions highlighted in appendix A. This is a follow up to the Code of Practice Compliance Report discussed at the November 2019 meeting.

Officers Recommendations

1. That the Local Pension Board note the Review of Compliance with TPR Code of Practice 14.

1. WHY THIS REPORT IS NEEDED

- 1.1 In April 2015 the Pensions Regulator’s powers were extended to include oversight of some aspects of the governance and administration of public services pension schemes.

The Local Government Pension Scheme (LGPS) falls within this group. The Pensions Regulator's oversight does not include the funding and investments of the scheme.

- 1.2 Code of Practice no. 14 was issued by TPR in April 2015, to provide practical guidance and to set out the standards of conduct and practice expected from Authorities that manage public service pension schemes, pensions committees, pensions boards and officers involved in administering the schemes. The code states that it is particularly aimed at Scheme Managers and members of the pension boards.
- 1.3 Since the introduction of the code, Barnet has informally monitored compliance with the provisions of the code and acted to tackle departure e.g. the approval of a breaches policy. A summary of compliance was presented to the Board in 2019 with a commitment to provide a fully comprehensive and detailed checklist of the requirement of the code and Barnet's position regarding each provision. A high-level checklist is attached (appendix A) discussing compliance and in particular the areas that require additional review to determine whether we are fully compliant. A deeper review of the detail of compliance is now being refreshed following the change of administrator and will be presented later in 2021.
- 1.4 The areas highlighted that require actions are:
 - A Board members' knowledge & understanding policy,
 - All Board members providing evidence of completion of Public Service Toolkit,
 - Refreshing individual training needs analysis,
 - Register of Board members' interests,
 - Review of WYPF breaches of the law policy,
 - Data improvement plan,
 - Procedure note on monitoring of contributions, and
 - Review of WYPF procedures for issuing annual benefit statements.

Actions to be taken to address gaps and timescales are documented within appendix A.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Consideration of compliance with TPR's Code of Practice is an essential step to demonstrate good governance standards for the Pension Fund.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None - statutory function

4. POST DECISION IMPLEMENTATION

- 4.1 A more detailed review of compliance with the code will be undertaken with the findings reported to the Board.

5. IMPLICATIONS OF DECISION

- 5.1 **Corporate Priorities and Performance**

5.1.1 Compliance with the TPR code plays a key role in providing assurance that the Pension Fund's financial risks are managed in an environment of sound stewardship and control.

5.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 N/A.

5.3 **Social Value**

5.3.1 Contributing to the Pension Fund ensures that contributing members have a secured income on retirement.

5.4 **Legal and Constitutional References**

5.4.1 The Board's Terms of Reference include "ensuring the effective and efficient governance and administration of the LGPS for the LBB Pension Fund".

5.5 **Risk Management**

5.5.1 Failure to comply with the code carries the risk of adverse financial and/or reputational consequences.

5.6 **Equalities and Diversity**

5.6.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality duty.

5.7 **Corporate Parenting**

5.7.1 Not applicable in the context of this report.

5.8 **Consultation and Engagement**

5.8.1 Not required.

5.8 **Insight**

5.8.1 N/A.

6. **BACKGROUND PAPERS**

6.1 N/A.

LBB Barnet – TPR Compliance Questionnaire (January 2021)

Governing your scheme

Have you clearly defined and recorded the roles and responsibilities of the pension board?

- Yes** ✓
- No
- In progress
- Don't know

Comment

The responsibilities of the Board are published on the LB Barnet web site as part of the section on the Local Pension Board. However, the full terms of reference should also be included on this web page and this will be arranged Q1, 2021.

Have you published information about the pension board and kept it up to date?

Yes – we publish information to legal requirements

Yes – we publish information to legal requirements and provide additional information about the pension board and board business ✓

- No
- In progress
- Don't know

Comment

Legal requirements concern the publication of the Board's annual report, which is part of the papers that go to the Board. The Council maintain a web site that makes available to the public, the Board's responsibilities, membership, agenda papers and minutes.

Do you have policies and arrangements in place to help pension board members acquire and retain the requisite knowledge and understanding?

- Yes** partly
- No
- In development
- Don't know

Comment

While we have discussed training needs with the Board, both collectively and individually, the formality falls short of a policy. In addition to in-house training, usually jointly with Pension Fund Committee, LBB meet the cost of external conferences and the Board's terms of reference require all Board members to complete the TPR Public Sector Toolkit. At present two Board members have not presented evidence of completion. A policy note will be presented to next Board meeting and if agreed published on the Council's web site.

Do you use the following for your pension board?

Individual training needs analysis ✓

Training plans

A training log

Comment

Training needs assessments have been undertaken and Board members are supported in identifying training opportunities. Training is provided at Board meetings and occasionally shared with the Pension Fund Committee. The training needs assessment requires updating, which will be done later in 2021.

Do you have a conflicts policy and procedure for pension board members?

Yes ✓

No

In development

Don't know

Comment

A conflicts policy is part of the Board's terms of reference. Members are asked to disclose conflicts of interest at each meeting

Do you have a register of interests (or equivalent)?

Yes

No ✓

In development

Don't know

Comment

The absence of a register will be discussed with the Council's Governance team.

Managing risks and resolving issues

Do you have procedures in place for assessing and managing risk?

Yes ✓

No

In development

Don't know

Comment

The procedure for risk management is via the risk register. See below.

Do you have a risk register?

Yes ✓

No

In development

Don't know

Comment

The administration risk register is reviewed annually by the Board and the consolidated risk register is viewed annually.

Where you have outsourced services, do you ensure that providers demonstrate that they have internal controls in place?

Yes ✓

No

In progress

Don't know

We don't use outsourced services

Comment

WYPF has ISO 9001 accreditation. This is regularly audited. Within the Administration Report is a WYPF's five-year audit plan, the results of which will be shared with LBB. Any gaps e.g. new starters will be discussed with WYPF.

Do you have a service level agreement in place with your scheme administrators?

Yes ✓

No

In development

Don't know

Comment

There are KPI's within the S101 appointment agreement and also a service delivery plan.

Are your internal dispute resolution arrangements clearly communicated to members and others?

Yes ✓

No

In progress

Don't know

Comment

The IDR policy is published both in the LBB Barnet intranet and also the WYPF web site that has been notified to Scheme members and employers. When responding to complaints, WYPF proactively make members aware of the IDR.

Do you have procedures in place to identify, assess and report breaches of the law?

Yes ✓

No

In development ✓

Don't know

Comment

LBB has a breaches policy which is used to determine whether any potential breaches that come to our attention are reportable. WYPF also maintain a breaches policy, which will be reviewed during 2021 to ensure consistent with LBB's policy and to also to confirm that all breaches (even when not reportable) are brought to LBB's attention.

Administration

Do you have a process in place to ensure that information is provided to TPR as required (e.g. through the scheme return)?

Yes ✓

No

In development

Don't know

Comment

Information to TPR consists of the annual return, which is completed by WYPF, breach reports (discussed above) and responses to questions from TPR.

Do you have processes in place to monitor scheme records for all membership types on an ongoing basis and ensure they are accurate and complete?

Yes ✓

No

In development

Don't know

Comment

Members records are checked by annual and conditional data checks. In addition data is reviewed by validation through the Actuary's portal. LBB carry out comparison of membership data with the employers annual return.

Do you have controls in place to ensure that your employer(s) provide timely, accurate and complete data?

Yes ✓

No

In development

Don't know

Comment

All employers provide monthly payroll reports to WYPF that require validation before processing. Validation includes checks that details for any joiners and leavers have been entered. There will have been significant

discrepancies with the first month's return (November 2020) as we know the inherited records were incomplete and we will be discussing during Q1, 2021 with WYPF how these exceptions have been handled.

When did you last carry out a data review exercise?

- Within the last year ✓ [Common]
- More than 12 months ago ✓ [Conditional]
- Never
- Don't know

Comment

Common data analysis is completed annually and a conditional data analysis report was completed in Q4, 2019. The scheme manager acknowledges that this is not a one-off exercise, with the next report due in late 2020. It was agreed with WYPF that the conditional test would be postponed until data gaps have been addressed.

Where you have identified poor quality or missing data, do you have an improvement plan to address issues?

- Yes
- No
- In development ✓
- Don't know

Comment

An improvement plan was agreed with Capita and implemented during quarters 2 & 3 2020. Discussions are underway with WYPF to agree a new improvement plan. We have committed to having a plan in place by end Q1, 2021.

Do you have processes in place for monitoring scheme contributions, resolving issues and assessing whether to report payment failures to TPR?

- Yes
- No
- In development ✓
- Don't know

Comment

Prior to 30 November 2020, collection and monitoring of contributions was undertaken by Capita, who provided a report (from January 2020) setting out any missing or late payments, any missing returns, discrepancies between return and monies received, confirmation that correct rate had been paid and results of tolerance testing based on previous months' contributions.

From 1 December 2020, responsibility for contribution collection and monitoring has moved to LB Barnet's Pensions Team. A documented process by LBB is under development and will be finalised during Q1, 2021.

Have you reviewed your processes for issuing annual benefit statements to ensure they are fit for purpose?

- Yes
- No

In progress ✓

Don't know

Comment

WYPF have an established and effective process for issuing annual benefit statements. With regards to Barnet, significant problems arose with the production of ABS's in 2020 giving rise to a report to TPR. WYPF's normal process is to collect data monthly from contribution returns such that ABS's can be issued without an annual employers' return and their timetable for producing ABS's is short. However, the inherited data gaps will require resolution to reduce the number of unissued ABS's in 2021. Ensuring that ABS delays are minimised is the key priority for the next six months and the Board will be updated on developments at each meeting.

Have you taken steps to ensure member communications are clear, accurate and easily accessible?

Yes ✓

No

In progress

Don't know

Comment

The quality and quantity of member communication has improved greatly in the last twelve months. There are regular employer forums, which are recorded and available on the WYPF web site. In addition scheme members have received communication on the change of administrator. The main means of member communication is via the WYPF web site, details of which have been sent to all members.

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Information
for those
running public
service pension
schemes

Public service pension schemes

Self-assessment tool questionnaire

October 2016

The Pensions
Regulator

Governing your scheme

Have you clearly defined and recorded the roles and responsibilities of the pension board?

- ▶ Yes
- ▶ No
- ▶ In progress
- ▶ Don't know

Have you published information about the pension board and kept it up to date?

- ▶ Yes – we publish information to legal requirements
- ▶ Yes – we publish information to legal requirements and provide additional information about the pension board and board business
- ▶ No
- ▶ In progress
- ▶ Don't know

Do you have policies and arrangements in place to help pension board members acquire and retain the requisite knowledge and understanding?

- ▶ Yes
- ▶ No
- ▶ In development
- ▶ Don't know

Do you use the following for your pension board?

- ▶ Individual training needs analysis
- ▶ Training plans
- ▶ A training log

Do you have a conflicts policy and procedure for pension board members?

- ▶ Yes
- ▶ No
- ▶ In development
- ▶ Don't know

Do you have a register of interests (or equivalent)?

- ▶ Yes
- ▶ No
- ▶ In development
- ▶ Don't know

Managing risks and resolving issues

Do you have procedures in place for assessing and managing risk?

- ▶ Yes
- ▶ No
- ▶ In development
- ▶ Don't know

Do you have a risk register?

- ▶ Yes
- ▶ No
- ▶ In development
- ▶ Don't know

Where you have outsourced services, do you ensure that providers demonstrate that they have internal controls in place?

- ▶ Yes
- ▶ No
- ▶ In progress
- ▶ Don't know
- ▶ We don't use outsourced services

Do you have a service level agreement in place with your scheme administrators?

- ▶ Yes
- ▶ No
- ▶ In development
- ▶ Don't know

Are your internal dispute resolution arrangements clearly communicated to members and others?

- ▶ Yes
- ▶ No
- ▶ In progress
- ▶ Don't know

Do you have procedures in place to identify, assess and report breaches of the law?

- ▶ Yes
- ▶ No
- ▶ In development
- ▶ Don't know

Administration

Do you have a process in place to ensure that information is provided to TPR as required (eg through the scheme return)?

- ▶ Yes
- ▶ No
- ▶ In development
- ▶ Don't know

Do you have processes in place to monitor scheme records for all membership types on an ongoing basis and ensure they are accurate and complete?

- ▶ Yes
- ▶ No
- ▶ In development
- ▶ Don't know

Do you have controls in place to ensure that your employer(s) provide timely, accurate and complete data?

- ▶ Yes
- ▶ No
- ▶ In development
- ▶ Don't know

When did you last carry out a data review exercise?

- ▶ Within the last year
- ▶ More than 12 months ago
- ▶ Never
- ▶ Don't know

Where you have identified poor quality or missing data, do you have an improvement plan to address issues?

- ▶ Yes
- ▶ No
- ▶ In development
- ▶ Don't know

Administration continued...

Do you have processes in place for monitoring scheme contributions, resolving issues and assessing whether to report payment failures to TPR?

- ▶ Yes
- ▶ No
- ▶ In development
- ▶ Don't know

Have you reviewed your processes for issuing annual benefit statements to ensure they are fit for purpose?

- ▶ Yes
- ▶ No
- ▶ In progress
- ▶ Don't know

Have you taken steps to ensure member communications are clear, accurate and easily accessible?

- ▶ Yes
- ▶ No
- ▶ In progress
- ▶ Don't know

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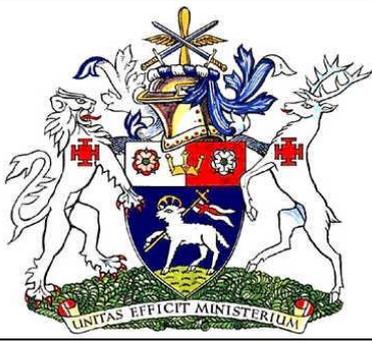
Self-assessment tool questionnaire

Public service pension schemes

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The Pensions
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Local Pension Board 4 February 2021

Title	Internal Audit Report - Pension Administration Governance Transition
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Internal Audit Report
Officer Contact Details	George Bruce, Head of Treasury & Pensions 0208 359 7126 george.bruce@barnet.gov.uk

Summary

Barnet's Internal Audit have undertaken a review of the planning for the transition of administration services to West Yorkshire Pension. Their report is attached, with ten recommendation of which four are rated high. The most significant relate to data improvement plans and automation of benefit calculations.

Officers Recommendations

1. That the Local Pension Board note the Internal Audit report.

1. WHY THIS REPORT IS NEEDED

- 1.1 The Board's role is to assist the administering authority in securing compliance with scheme regulations and other legislation relating to the governance and administration of the scheme. The Board's terms of reference also include "ensuring the effective and efficient governance and administration of the Pension Fund". Internal Audit work to evaluate controls is an important reference to the Board.
- 1.2 The Internal Audit have undertaken a review of the governance of the transition of administration services to West Yorkshire Pension Fund (WYPF). The transition was managed by LBB staff, with the detailed work of moving records being the responsibility of Capita and WYPF. Internal Audit's ten findings do not comment on the quality of data that transitioned, rather the report's main focus is on the scope of the project management.
- 1.3 A summary of Internal Audit's findings is given below. Management responses and agreed actions are included within the audit report.

No data improvement plan has been agreed with WYPF to address the backlog of cases post transition (high risk) - Currently no plan has been agreed to address the backlog which will be inherited by WYPF, including any additional costs for LBB that this may incur.

No data improvement plan has been agreed with WYPF to improve the quality and completeness of member data post transition (high risk) - Where there are issues of poor data or data quality the regulator expects improvement plans to be in place.

No benefit calculation automation schedule in place (high risk) - There is no schedule or workstream in place in respect to benefit calculation automation which is a key requirement for reducing manual benefit calculations and pension administration inefficiencies.

The project and subsequent project reporting does not consider the necessary improvements required to the pension administration provision and key interdependencies (high risk) - Currently the success of the project focuses on the transition of administration and has not considered the desired benefits which it wants to realise from the project and key interdependencies, for example improvement in the completeness and quality of member data, and efficiencies to the delivery of administration services being provided through benefit calculation automation.

Capita remediation plan to address the backlog of cases does not provide clear data on progress made (medium risk) - LBB have committed to paying Capita additional monies for the additional resources required to clear the backlog of cases and so it is critical that progress reporting demonstrates the work that has been completed.

Project risk register is not routinely reviewed and updated (medium risk)

- The project risk register should be a dynamic document that is routinely reviewed and considers the impacts downstream and where any further mitigation measures are required and updated throughout the duration of the project.

The workstream task list is not sufficiently detailed (medium risk) - There is a risk that key project dependencies, tasks, reconciliations and sign offs may not be performed, and this may impact on the success of the administration transition.

Instances of non-attendance at Project Board meetings by core Project Board members (medium risk) - The project sponsor has not attended any of the Project Board meetings, and there are instances of low attendance by another Project Board member. This may indicate insufficient oversight and accountability, which may result in the benefits of the project not being realised.

s101 agreement with WYPF is not in place (low risk) - There is a risk that LBB has not legally discharged its pension administration function as there is no signed s101 agreement in place.

No collaboration tool in place for project document sharing and/or editing (low risk) - There are no collaboration tools that are available where documents can be stored, shared and edited across all relevant parties. There is overreliance on one key individual to update all project documents which creates a business continuity risk for the project.

1.4 Internal Audit's report sets out that in an ideal world transition of the data to WYPF would have occurred after the well known data problems had been corrected. The Pensions team agrees with the recommendation but not the timeframe. The Pensions team is tackling this as two exercises. The first two high risk recommendations relate to agreeing data improvement plans with WYPF. This was impossible pre transition as a data improvement plan was already underway with Capita, which continued right up to the cut of date (mid October 2020). Therefore, we were not in a position to know the extent to which the Capita improvement plan would be completed prior to the transition date and therefore the remaining remediation work that WYPF will be required to undertake. The agreed action is to implement a data improvement plan during quarter 1, 2021. After giving WYPF a couple of months to settle into their new role, discussions have commenced on the scope, priorities, resourcing and timetable for the new data improvement plan. This will be discussed at the Board meeting as part of the administration report.

1.5 The third high risk recommendation is concerned with documenting the extend of automation in benefit calculations All the schemes administered by WYPF

utilise the same system, processes and teams and these were thoroughly reviewed before the decision was made to ask WYPF to administer the benefit scheme. At that time around 95% of the calculations were automated. In terms of systems developments, representatives of all the schemes administered by WYPF meet collectively to discuss changes to administration processes. We have agreed with Internal Audit that we will encourage WYPF to maintain a high level of benefit calculation automation.

- 1.6 The fourth and final high risk recommendation the benefits to be derived from the change of administrator. The key phrase within the Finding sections are “It is our concern that the success of the project focuses on the transition of administration and has not considered the desired benefits which it wants to realise from the project and key interdependencies, for example improvement in the completeness and quality of member data, and efficiencies to the delivery of administration services being provided through benefit calculation automation and online member services. Where these issues are not being addressed and considered as integral parts and interdependencies of the transition project then ***there is the risk that you are replacing a like for like administration service from Capita to WYPF with all its inherent problems.***”
- 1.7 We are not appointing a service provider, rather we are entering into a shared service partnership with WYPF and their existing clients. We will be treated akin to the existing client by the same multi-client teams (with the exception of the staff devoted to addressing our backlog issues). The quality of the service received by Lincolnshire and Hounslow was investigated prior to their selection. Monitoring of WYPF performance will be conducted both directly with the administrator and also as part of multi-client meetings.
- 1.8 We accept that there is risk in moving to WYPF, although these are more relevant to the existing clients who run the risk of service quality dilution as WYPF focus on onboarding LBB. The likelihood of service quality taking time to achieve the levels currently delivered by WYPF is recognised and will form part of the monitoring process.
- 1.9 The fifth recommendation, (medium risk) concerns the evidencing of progress with the Capita data remediation plan undertaken during quarters 2 and 3 of 2020. Agreement of the data remediation plan including Capita making available additional resources was a significant achievement post the announcement of the move to WYPF in tackling the case backlog. Monitoring of the project was undertaken via fortnightly progress reports from Capita and

our weekly CMM Business Continuity calls. The LBB Pensions Team has been involved in the project in liaising with employers to collect the missing information.

1.10 The other three medium risks concern the documentation of the project and have been accepted. The key mitigating factor was the frequency and coverage of the project transition meetings.

1.11 In conclusion, the move to WYPF was completed in accordance with the agreed timetable, WYPF have satisfactorily taken on their responsibilities as evidenced by the administration report and while there remain critical data issues, we remain confident that these will be addressed.

2. REASONS FOR RECOMMENDATIONS

2.1 It is appropriate for the Board to review the Internal Audit findings and managements planned actions.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 None - statutory function

4. POST DECISION IMPLEMENTATION

4.1 The Board will be informed of IA's follow up review of their recommendations.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 A positive Internal Audit report on the Pension Fund's activities plays a key role in providing assurance that the Pension Fund's financial risks are managed in an environment of sound stewardship and control.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 N/A.

5.3 Social Value

5.3.1 Contributing to the Pension Fund ensures that contributing members have a secured income on retirement.

5.4 Legal and Constitutional References

5.4.1 The Board's Terms of Reference include "ensuring the effective and efficient

governance and administration of the LGPS for the LBB Pension Fund”.

5.5 Risk Management

5.5.1 The audit report attached highlights areas that Internal Audit consider require improvement. Failure to do so carries the risk of adverse financial and/or reputational consequences.

5.6 Equalities and Diversity

5.6.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant ‘protected characteristic’ and those who do not share it; and fostering good relations between persons who share a relevant ‘protected characteristic’ and persons who do not share it. The ‘protected characteristics’ are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to the public-sector equality duty.

5.7 Corporate Parenting

5.7.1 Not applicable in the context of this report.

5.8 Consultation and Engagement

5.8.1 Not required.

5.8 Insight

5.8.1 N/A.

6. BACKGROUND PAPERS

6.1 N/A.

Internal Audit Report

Pensions Administration Governance Transition

December 2020

To: Anisa Darr, Director of Finance

Copied to: Nigel Keogh, Project Director
George Bruce, Head of Finance - Pensions
Mark Fox, Pensions Manager
Gavin Roberts, Pensions Administration Manager

From: Caroline Glitre, Head of Internal Audit

We would like to thank management and staff of the London Borough of Barnet for their time and co-operation during the course of the internal audit.

Executive Summary

Number of findings by risk category				
Critical	High	Medium	Low	Advisory
-	4	4	2	-

Scope

This review has been undertaken as part of the London Borough of Barnet Internal Audit & Anti-Fraud Strategy and Annual Plan 2020-21, which was presented to the Council's Audit Committee on 14th July 2020. **The review was undertaken to support management in providing assurance on the Transition to the Pension Fund Committee.**

A decision was made by the Council on 3 March 2020 to transfer the administration of the Barnet Pension Fund from Capita to the West Yorkshire Pension fund (under a Section 101 delegation to Bradford City Council (City of Bradford Metropolitan District Council; CBMDC)).

West Yorkshire Pension Fund (WYPF) provides pension administration and pensioner payroll services. The fund currently administers the Local Government Pension Scheme (LGPS) in West Yorkshire, Lincolnshire and London Borough of Hounslow and the Firefighters' Pension Scheme (FPS) for a number of Fire Authorities and is the largest FPS administrator in England. WYPF's business model is to take on third party pension administration through a shared service arrangement. This enables WYPF to reduce its administrative cost per member and also the third party's cost per member.

This project will transfer the administration of the LGPS for the London Borough of Barnet (LBB) and other participating employer's membership and pensioner payroll service from Capita to WYPF. The project started with the selection of WYPF as preferred provider and will conclude with the administration of LBB's membership and pensioner payroll becoming the responsibility of WYPF from the 1 November 2020.

Summary of findings

This review was performed in July and August 2020 to provide assurance over the governance of the pensions administration transition project before go-live on the 1 November 2020. The draft report was issued in September and management comments were provided in October. Due to the delays finalising the report, as a result of being unable to reach agreement on the findings raised, we have included management comments in response to our findings. As the pensions administration has now transitioned to WYPF as of 1 November 2020 and some of the findings of the review have been superseded by events, the management action plans aim to build a way forward to address the concerns raised in this report and known ongoing data improvement issues inherited by WYPF.

The transition of the pensions administration has arisen as a result of poor service provision from the incumbent administrator which resulted in regulatory involvement back in 2017 and the issue of a fine and an improvement notice in July 2019. The Pensions Regulator stated in their regulatory intervention report dated October 2019;

"As a result of our ongoing engagement with the scheme manager we uncovered a number of weak governance processes within the fund, which included a lack of oversight covering member data quality and the payment of contributions. We also had concerns about delays in providing information to members, and that these had not been reported to us in a timely manner. During our engagement there was a lack of consistent oversight in the senior leadership team in charge of pensions, which led to delays in establishing the full extent of the challenges being faced and steps being taken to address them".

The pensions administration transition project's key deliverable is the transition of pension administration from Capita to WYPF by the 1 November 2020. The project deliverables, i.e. the project initiation document (PID) exclude from its remit two fundamental areas which are critical to the success of the pension administration function at WYPF, namely the improvement of member data and the level of benefit calculation automation which is to be achieved. If these areas are not addressed prior to transition of the administration, then WYPF will effectively inherit poor quality data and the benefits of transitioning to a new administrator may not be realised.

This review has identified 4 high, 4 medium and 2 low risk findings.

We identified the following findings as part of the audit:

- **No data improvement plan has been agreed with WYPF to address the backlog of cases post transition (high risk)** - Currently no plan has been agreed to address the backlog which will be inherited by WYPF, including any additional costs for LBB that this may incur.
- **No data improvement plan has been agreed with WYPF to improve the quality and completeness of member data post transition (high risk)** - Where there are issues of poor data or data quality the regulator expects improvement plans to be in place.
- **No benefit calculation automation schedule in place (high risk)** - There is no schedule or workstream in place in respect to benefit calculation automation which is a key requirement for reducing manual benefit calculations and pension administration inefficiencies.
- **The project and subsequent project reporting does not consider the necessary improvements required to the pension administration provision and key interdependencies (high risk)** - Currently the success of the project focuses on the transition of administration and has not considered the desired benefits which it wants to realise from the project and key interdependencies, for example improvement in the completeness and quality of member data, and efficiencies to the delivery of administration services being provided through benefit calculation automation.
- **Capita remediation plan to address the backlog of cases does not provide clear data on progress made (medium risk)** - LBB have committed to paying Capita additional monies for the additional resources required to clear the backlog of cases and so it is critical that progress reporting demonstrates the work that has been completed.
- **Project risk register is not routinely reviewed and updated (medium risk)** - The project risk register should be a dynamic document that is routinely reviewed and considers the impacts downstream and where any further mitigation measures are required and updated throughout the duration of the project.
- **The workstream task list is not sufficiently detailed (medium risk)** - There is a risk that key project dependencies, tasks, reconciliations and sign offs may not be performed, and this may impact on the success of the administration transition.
- **Instances of non-attendance at Project Board meetings by core Project Board members (medium risk)** - The project sponsor has not attended any of the Project Board meetings, and there are instances of low attendance by another Project Board member. This may indicate insufficient oversight and accountability, which may result in the benefits of the project not being realised.
- **s101 agreement with WYPF is not in place (low risk)** - There is a risk that LBB has not legally discharged its pension administration function as there is no signed s101 agreement in place.
- **No collaboration tool in place for project document sharing and/or editing (low risk)** - There are no collaboration tools that are available where documents can be stored, shared and edited across all relevant parties. There is overreliance on one key individual to update all project documents which creates a business continuity risk for the project.

The pensions administration project commenced on 18 March 2020 but the PID was not signed off by the Project Board until the 23 June 2020. The PID was further amended to incorporate changes to the High-Level Plan and re-signed off on 24 July 2020. The PID brings together all the key documentation needed to start and

run the project and is typically signed off by the project sponsor before the project commences. As the PID has now been signed off no further action is required and this has not been included in section 2.

2. Findings, Recommendations and Action Plan

Ref	Finding	Risks	Risk category	Management Response at 27 November 2020	Agreed action
1	<p><u>No data improvement plan has been agreed with WYPF to address the backlog of cases post transition</u></p> <p>The Capita remediation plan will not resolve the backlog of cases at Capita by 1 November when the administration transitions to WYPF. Currently no plan has been agreed to address the backlog which will be inherited by WYPF, including any additional costs for LBB that this may incur.</p> <p>The Project Director has confirmed that the remediation plan is not considered a project interdependency and is being managed as part of business as usual activity. Capita will be in place post the transition until 31 January 2021 and will provide support to LBB as and when required.</p> <p>We note the last letter sent to The Pensions Regulator (tPR) is dated May 2020 outlining the progress made to date in respect to the regulator improvement notice issued 25 July 2019; a key component of this is the Capita remediation plan.</p> <p>The regulator should be considered a key stakeholder to the pensions</p>	<p>If detailed plans are not in place to address the backlog, then there is a risk that the issues arising under the Capita pensions administration will transfer to WYPF and the anticipated administration efficiencies will not be realised. This could result in reporting duties not been met and further regulatory scrutiny.</p>	<p>High</p>	<p>The transition plan was aimed at ensuring that all the membership data held by Capita as at the date of transition was accurately transferred to WYPF and that WYPF had a structure in place to deliver the administration service to a desired standard.</p> <p>While both WYPF and LBB recognised that a subsequent data improvement plan will be needed, it was not considered appropriate to plan in detail until the state of the data to be transitioned was known to WYPF post transition.</p> <p>LBB was during 2019 and the first half of 2020 in regular contact with TPR concerning our actions to address the Improvement Notice. It was the TPR who in June 2020 communicated the wish that we cease regular updates on our</p>	<p>Discussions with WYPF have commenced as planned post transfer to identify key priorities, including data gaps and resolving backlog cases. It is anticipated that a plan will be agreed during quarter 1, 2021. Timescale to complete will be determined by the contents of the action plan.</p> <p>Responsible officer: George Bruce (Head of pensions)</p> <p>Target date: Priorities Action Plan – 31 March 2021</p>

Ref	Finding	Risks	Risk category	Management Response at 27 November 2020	Agreed action
	<p>administration project and referenced as such in the PID and reports on progress in respect to the remediation measures should be provided at regular intervals to keep any further regulatory intervention at bay.</p>			<p>actions against the Improvement Plan unless new breaches occurred. The Regulator had already in October 2019 published the outcome of their regulatory intervention and are aware of the change of administrator. We have recently informed TPR of breaches connected with the issue of the 2020 annual benefit statements.</p>	
2	<p><u>No data improvement plan has been agreed with WYPF to improve the quality and completeness of member data post transition</u></p> <p>Currently no plan has been agreed with WYPF to address the quality and completeness of data and any additional costs for LBB that this may incur.</p> <p>Guidance issued by tPR states; <i>“If you identify issues of poor quality or missing data, you’ll need to put in place an improvement plan. This should have specific data improvement measures, which you can monitor and track. The plan should have an end date within a reasonable timeframe,</i></p>	<p>If poor quality or missing data issues are not being addressed by an improvement plan, then there is a risk of scrutiny and intervention from the regulator.</p>	High	<p>Please see management response above.</p>	<p>As discussed above, a data improvement plan will be agreed with WYPF that will have specific data improvement measures and timelines, which will be monitored and tracked. Progress against the agreed data improvement plan will be reported to the Pension Fund Committee.</p> <p>Responsible officer: George Bruce (Head of Pensions)</p> <p>Target date:</p>

Ref	Finding	Risks	Risk category	Management Response at 27 November 2020	Agreed action
	<p><i>with a view to having complete and accurate data”.</i></p> <p>Any communications with tPR should reference to plans which have been put in place to address the quality of member data.</p>				<p>Priorities Action Plan – 31 March 2021</p>
3	<p><u>No benefit calculation automation schedule in place</u></p> <p>We note from review of the project documents and WYPF contract that there is no benefit calculation automation schedule in place.</p> <p>Furthermore, no workstream has been established for benefit calculations which we typically see in administration transition projects.</p> <p>As the level of benefit calculation automation has not been established upfront in the contract this could result in the anticipated benefits of transitioning the administration not materialising, namely increased administration efficiency. In addition, without automation the members ability to access instant retirement quotes or transfer values via an online member portal is not possible.</p> <p>Benefit automation has two primary objectives: (1) increase administration</p>	<p>If benefit calculation automation is not in place, then there is an inherent risk of errors through manual benefit calculations which may create inefficiencies in pension administration and an increase in member complaints.</p>	High	<p>The extent of calculation automation was part of the criteria used in the selection of WYPF. Currently 95% of calculations are automated, including the most frequently used calculations. The monitoring of the relationship with WYPF will include discussions on the potential for process improvements.</p>	<p>Benefit process will be routinely discussed with WYPF.</p> <p>Responsible officer: Mark Fox (Pensions Manager)</p> <p>Target date: Not applicable</p>

Ref	Finding	Risks	Risk category	Management Response at 27 November 2020	Agreed action
	<p>efficiency and (2) reduce risk. In terms of administration efficiency this has a direct impact on:</p> <ul style="list-style-type: none"> the number of FTEs required (and therefore costs); the ability to flex resources to react to peak demand (the theory being that specialist knowledge of the Scheme would not be required). <p>We find that there is often a relationship between the level of calculation automation and member complaints, for example complaints from calculation error or the time taken to respond to queries.</p> <p>There should be a clear contractual commitment from WYPF as to the artefacts it is inheriting, including automation matrices, data dictionary and scheme documentation, for example admin manuals that underpin automation are created and maintained throughout the life of the contract.</p>				
4	<p><u>The project and subsequent project reporting do not consider necessary improvements required to the pension administration provision and key interdependencies</u></p>	<p>If the project and subsequent reporting does not consider improvements that</p>	<p>High</p>	<p>To provide an administration service requires people, systems, processes and data. The only one of these moving to WYPF is data. We</p>	<p>For data remediation and reporting, see action plans against findings 1 and 2.</p>

Ref	Finding	Risks	Risk category	Management Response at 27 November 2020	Agreed action
	<p>From review of the Project Board highlight report provided for review for the periods 2,3 and 4 (May, June and July 2020) we note that the project is running to time and all milestones are RAG rated green. The only issue we noted during the period RAG rated red was in relation to the Capita remediation plan which was initially considered to be a potential project interdependency. Through discussion with the Project Director we noted that it was subsequently decided that the remediation plan is not considered to be a project interdependency and is monitored separately.</p> <p>Through our experience of administration transition projects, there are always issues noted throughout the duration of the project which present deviation from initial plans or delays arising, and therefore routinely not reported with a RAG status of green. It is our concern that the success of the project focuses on the transition of administration and has not considered the desired benefits which it wants to realise from the project and key interdependencies, for example improvement in the completeness and quality of member data, and efficiencies to the delivery of</p>	<p>need to be made to the administration service, then there is a risk that the issues arising under the Capita pensions administration will transfer to WYPF and the anticipated admin efficiencies will not be realised.</p>		<p>will inherit the WYPF team, systems and processes and from day one the service will be delivered in the WYPF manner which is an award-winning service. The only area of improvement is around data which is discussed in recommendation 1 and 2.</p>	

Ref	Finding	Risks	Risk category	Management Response at 27 November 2020	Agreed action
	<p>administration services being provided through benefit calculation automation and online member services.</p> <p>Where these issues are not being addressed and considered as integral parts and interdependencies of the transition project then there is the risk that you are replacing a like for like administration service from Capita to WYPF with all its inherent problems.</p>				
5	<p><u>Capita remediation plan to address the backlog of cases does not provide clear data on progress made</u></p> <p>A remediation plan is in place to address the backlog of cases at Capita prior to the pensions administration transfer to WYPF.</p> <p>Through review of the remediation plan and discussion with the Project Director we note that the baseline number of cases identified for processing has increased since project inception. The format of the remediation plan does not provide clear data to enable an informed assessment of the progress made by Capita to date.</p>	<p>If the remediation plan does not provide clear data on the backlog of cases which have been cleared, then there is a risk that LBB are paying money to Capita in error which does not represent best value for members of the pension scheme.</p>	Medium	<p>The payment of LBB's contribution to the data remediation plan will be agreed after verification of the work completed by Capita.</p>	<p>As requested at the October Pension Fund Committee meeting, a report will be submitted detailing the financial arrangements relating to the termination of the Capita contract for pension administration. The report will include reference to costs incurred by the pension fund due to poor performance by the administrator.</p> <p>Responsible officer: George Bruce (Head of Pensions)</p>

Ref	Finding	Risks	Risk category	Management Response at 27 November 2020	Agreed action
	<p>We would expect Capita to provide work management stats to demonstrate the progress of work, the prioritisation of work performed and a RAG status against the work items. It is critical to understand the aging of work items so that disclosure breaches do not occur.</p> <p>LBB have committed to paying Capita additional monies for the additional resources at Capita required to clear the backlog and so it is critical that progress reporting demonstrates the work that has been completed. The Project Director has confirmed that the remediation plan is monitored on a fortnightly basis and the level of progress has been escalated to senior management at Capita.</p>				<p>Target date: 24 Feb 2021</p>
6	<p><u>Project risk register is not routinely reviewed and updated</u></p> <p>From review of the risk register we note that since it was created only one new risk has been added. There is no evidence within the Project Board minutes that the risk register is reviewed and updated.</p> <p>From review of the PID we note that the risk register should be circulated amongst the project team on a</p>	<p>If the project risk register is not routinely reviewed and updated, then there is a risk that project risks are not being actively monitored and managed.</p>	<p>Medium</p>	<p>Agreed.</p>	<p>The finding will be considered as part of the formal project debrief and captured in the lessons learnt.</p> <p>Responsible officer: Nigel Keogh (Project Director)</p> <p>Target date: 31 January 2021</p>

Ref	Finding	Risks	Risk category	Management Response at 27 November 2020	Agreed action
	<p>fortnightly basis. From review of the emails and supporting documentation circulated to the project team for the period 27/04/20 to 03/08/20 the risk register was only circulated once on the 27/04/20.</p> <p>The Project Director confirmed that since inception there has been only one additional risk added to the risk register.</p> <p>From review of the risk register we note that it is light on the number of project risks that we would anticipate being on the register. For example, the following were noted as potential risks through review of the minutes but are not featured on the risk register:</p> <ul style="list-style-type: none"> • delay in signing the WYPF contract and s101 agreement • deficiencies in member data at WYPF take on stage • failure of Capita to deliver on the remediation plan • member calculation automation at WYPF • Annual Benefit Statements (particularly given historic issues) 				

Ref	Finding	Risks	Risk category	Management Response at 27 November 2020	Agreed action
	<ul style="list-style-type: none"> TUPE given the number who will accept the transfer is unknown. <p>A project risk register is an important component of the overall risk management framework since it records all identified risks in the project. The risk register should be a dynamic document that is routinely reviewed, considers the impacts downstream and where any further mitigation measures are required and updated throughout the duration of the project.</p>				
7	<p><u>Workstream task list is not sufficiently detailed</u></p> <p>The workstream task list is utilised by the project team for monitoring the completion of tasks by project workstream. An updated version of the task list is circulated amongst the project team prior to each fortnightly meeting.</p> <p>From review of the workstream task list we note the following:</p> <ul style="list-style-type: none"> Target date is not inserted for all tasks; 'Completion' inserted for completed tasks but not the date to 	<p>If the workstream task list is not sufficiently detailed then there is a risk that key project tasks, reconciliations and sign offs may not be performed and impact on the success of the admin transition.</p>	Medium	<p>While the direction of the comments is accepted, the key mitigating factor is the frequency and coverage of the project transition meetings.</p>	<p>See post transition report in the action plan for finding 6.</p> <p>To address the data gaps, see action plans for findings 1 and 2.</p>

Ref	Finding	Risks	Risk category	Management Response at 27 November 2020	Agreed action
	<p>be able to assess if the project is running to timetable or not;</p> <ul style="list-style-type: none"> • No named back up for each workstream task (this is called out as the highest risk on the risk register); • No comms workstream task list; • The workstream task list is not sufficiently detailed, for example we would typically see for data transfer (initial cut) a more detailed workplan that would include for example: Provide cut of test data, map test data and peer review, mapping document agreed by WYPF, data mapping document sign off, confirm mapping complete, etc.; • The plan does not build in key reconciliation points to ensure that the data extracts from Capita are complete; • No evidence in the plan of benefit calculations to be signed off by the actuary; and • Dependencies are not inserted for all tasks. 				

Ref	Finding	Risks	Risk category	Management Response at 27 November 2020	Agreed action
8	<p><u>Instances of non-attendance at Project Board meetings by core Project Board members</u></p> <p>From review of the Project Board minutes for the period 30/04/20 to 24/07/20 we noted that the Chair and Project Sponsor has not attended any of the meetings. It should be noted that the Chair's alternate has attended all four meetings in the period in the Chair's absence. The Project Director confirmed that the Project sponsor is appraised of the project by their alternate on a weekly basis.</p> <p>The project sponsor has a key role in promoting and overseeing the project and is accountable for ensuring the realisation of the specified benefits over time.</p> <p>We also note another Project Board member who has not attended two meetings and their designated alternate did not attend in their absence.</p>	<p>If Project Board meetings are not attended by all core members of the Project Board then there is a risk that there is insufficient oversight and accountability which may result in the benefits of the project not being realised.</p>	<p>Medium</p>	<p>Agreed.</p>	<p>See formal project debrief and lessons learnt action plan in finding 6.</p>

Ref	Finding	Risks	Risk category	Management Response at 27 November 2020	Agreed action
9	<p><u>s101 agreement with WYPF is not in place</u></p> <p>The s101 agreement to discharge the pension administration function to WYPF is not yet in place. Project Board minutes dated 24 July 2020 flag the s101 agreement as still outstanding. We note that this is not an item listed on the workstream task plan or flagged as an issue on the risk register.</p>	<p>If the s101 agreement is not in place with WYPF then there is a risk that LBB has not legally discharged its pension administration function.</p>	Low	<p>The S101 agreement was fully signed and sealed by WYPF on 3 July 2020.</p>	<p>See formal project debrief and lessons learnt action plan in finding 6.</p>
10	<p><u>No collaboration tool in place for project document sharing and/or editing</u></p> <p>All project documentation for example minutes, workstream task list, risk register is maintained and updated by the Project Director who will circulate relevant documents to the Project Board, Project team and Finance team as appropriate.</p> <p>There are no collaboration tools that are available where documents can be stored, shared and edited across all relevant parties. The Project Director confirmed that options were explored at the commencement of the project, but no solution was found that could be utilised across all parties.</p>	<p>If a collaboration tool is not utilised for key project documentation, then there is overreliance on one key individual which creates a business continuity risk for the project.</p>	Low	<p>Agreed.</p>	<p>This will be considered as part of the formal project debrief and lessons learnt action plan in finding 6 – and the use of Teams will be considered for future projects.</p>

Ref	Finding	Risks	Risk category	Management Response at 27 November 2020	Agreed action
	As a result, there is a business continuity risk as the documents are maintained by one key individual, the Project Director.				

Appendix 1: Definition of risk categories and assurance levels in the Executive Summary

Note: the criteria should be treated as examples, not an exhaustive list. There may be other considerations based on context and auditor judgement.

Risk rating	
Critical 	<p>Immediate and significant action required. A finding that could cause:</p> <ul style="list-style-type: none"> • Life threatening or multiple serious injuries or prolonged workplace stress. Severe impact on morale & service performance (e.g. mass strike actions); or • Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny (i.e. front-page headlines, TV). Possible criminal or high-profile civil action against the Council, members or officers; or • Cessation of core activities, strategies not consistent with government's agenda, trends show service is degraded. Failure of major projects, elected Members & Senior Directors are required to intervene; or • Major financial loss, significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council. Critical breach in laws and regulations that could result in material fines or consequences.
High 	<p>Action required promptly and to commence as soon as practicable where significant changes are necessary. A finding that could cause:</p> <ul style="list-style-type: none"> • Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of staff; or • Significant impact on the reputation or brand of the organisation. Scrutiny required by external agencies, inspectorates, regulators etc. Unfavourable external media coverage. Noticeable impact on public opinion; or • Significant disruption of core activities. Key targets missed; some services compromised. Management action required to overcome medium-term difficulties; or • High financial loss, significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences.
Medium 	<p>A finding that could cause:</p> <ul style="list-style-type: none"> • Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of staff; or • Moderate impact on the reputation or brand of the organisation. Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage; or • Significant short-term disruption of non-core activities. Standing orders occasionally not complied with, or services do not fully meet needs. Service action will be required; or • Medium financial loss, small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences.
Low 	<p>A finding that could cause:</p> <ul style="list-style-type: none"> • Minor injuries or stress with no workdays lost or minimal medical treatment, no impact on staff morale; or • Minor impact on the reputation of the organisation; or • Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule; or • Handled within normal day to day routines; or • Minimal financial loss, minimal effect on project budget/cost.
Level of assurance	
Substantial 	<p>There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be Advice and Best Practice.</p>
Reasonable 	<p>An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses, but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.</p>
Limited 	<p>There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.</p>
No 	<p>There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.</p>

Appendix 2 – Analysis of findings

Area	Critical		High		Medium		Low		Total
	D	OE	D	OE	D	OE	D	OE	
Pensions administration project structure	-	-	-	-	2	2	1	1	6
Project plans	-	-	4	-	-	-	-	-	4
Total	-	-	4	-	2	2	1	1	10

Key:

- Control Design Issue (D) – There is no control in place or the design of the control in place is not sufficient to mitigate the potential risks in this area.
- Operating Effectiveness Issue (OE) – Control design is adequate; however, the control is not operating as intended resulting in potential risks arising in this area.

Timetable					
Terms of reference agreed: 14/07/20	Fieldwork commenced: 27/07/20	Fieldwork completed: 21/08/20	Draft report issued: 11/09/20	Management comments received: 23/10/20 & 27/11/20	Final report issued: 15/12/20

Appendix 3 – Identified controls

Area	Objective	Risks	Identified Controls
<p>Pensions administration project structure</p>	<p>The pensions administration project structure sets out:</p> <ul style="list-style-type: none"> • Clearly defined project objectives from which to measure success. • Clearly defined roles and responsibilities across LBB, Capita and WYPF, which is defined in the project plans and contract commitments, including a project sponsor, Project Board oversight, project coordinator and project workstream leads. • Detailed project plans, timelines, owners and project milestones for individual workstreams. • A project risk register(s) to capture and monitor project risks. 	<p>The Council could be subject to scrutiny from the regulator and face potential reputational and/ or financial loss if:</p> <ul style="list-style-type: none"> • The pensions administration project is unsuccessful and fails to deliver its key objectives; • There is inadequate governance and oversight of the project, resulting in a failure to deliver the project within agreed timelines; and • The administration transfer is not successful, resulting in members benefits not being paid at all or on time. 	<ul style="list-style-type: none"> • Project Initiation Document in place setting out the project objectives and structure. • The PID sets out the roles and responsibilities across the project including Capita and WYPF. There is a project sponsor and oversight from the Project Board. The project is co-ordinated by the Project Director with support from the project workstream leads. • The Project Board meet on a monthly basis and receive a project highlight report detailing the status of the project and any other documents relevant for their attention. • The project team meet on a fortnightly basis and receive an updated workstream task list. The workstream list sets out the project tasks that need to be completed and the timelines for delivery. • Project team leaders meet on a weekly basis to discuss if there are any issues arising which may affect the delivery of the project and any issues are added to the action log. • All meetings have agendas and are minuted. • A project risk register is in place that captures identified project risks. • A communications plan is in place that sets out the stakeholders, method, owner and timings for communications to be made.

	<ul style="list-style-type: none"> Tracking of progress and the dissemination of information. A clearly defined communications plan that includes how the delivery of the project against agreed deliverables and timescales will be communicated to the Project Board and Local Pensions Board. 		<p>The following issues were identified in this project area:</p> <ul style="list-style-type: none"> Finding 5 - Capita remediation plan to address the backlog of cases does not provide clear data on progress made. Finding 6 – Project risk register is not routinely reviewed and updated. Finding 7 - Workstream task list is not sufficiently detailed. Finding 8 - Instances of non-attendance at Project Board meetings by core Project Board members. Finding 9 - s101 agreement with WYPF is not in place. Finding 10 - No collaboration tool in place for project document sharing and/or editing.
<p>Project plans</p>	<ul style="list-style-type: none"> There are detailed project plans that cover all the issues/risks identified in the planning stages of the project including (but not limited to) data improvement, resource, process and technology. 	<ul style="list-style-type: none"> If project plans are inadequate and fail to deliver on the planned objectives and benefits of the administration transition, then this may result in service levels to members not improving and increased scrutiny from the regulator. 	<ul style="list-style-type: none"> A Capita remediation plan is in place to address the backlog of cases at Capita prior to the administration transition to WYPF. The workstream list sets out the project tasks that need to be completed and the timelines for delivery. <p>The following issues were identified in this project area:</p> <ul style="list-style-type: none"> Finding 1 - No remediation plan has been agreed with WYPF to clear the backlog of cases that will be inherited on transition. Finding 2 - No data improvement plan has been agreed with WYPF to improve the quality and completeness of member data post transition. Finding 3 - No benefit calculation automation schedule in place.

			<ul style="list-style-type: none">• Finding 4 - The project and subsequent project reporting does not consider necessary improvements required to the pension administration provision and key interdependencies.
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Appendix 4 – Internal Audit roles and responsibilities

Limitations inherent to the internal auditor’s work

We have undertaken the review of Pensions Administration Governance Transition, subject to the limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Specifically, we will not:

The responsibility for identifying and mitigating project risks rests with LBB and we do not accept any responsibility for identifying project risks, nor can we guarantee that this review will enable you to identify all of the potential risks to which LBB is exposed. As such our review should not be expected to highlight all possible internal control weaknesses that a more extensive compliance review might identify.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

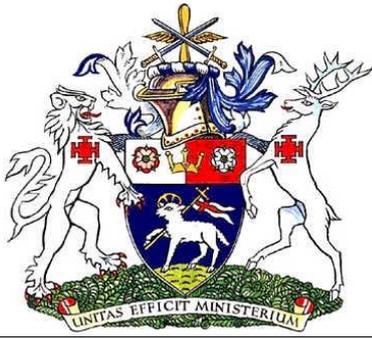
Responsibilities of management and internal auditors

It is management’s responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management’s responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

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Local Pension Board

4 February 2021

Title	Performance Report
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – West Yorkshire Pension Fund Performance Report for December 2020
Officer Contact Details	Mark Fox, Pensions Manager – 0208 359 3341

Summary

This paper provides the Local Pension Board with the West Yorkshire Pension Fund pensions administration performance report relating to December 2020, along with an update on the Annual Benefit Statements issues and remediation plan.

Officers Recommendations

The Local Pension Board are requested to note West Yorkshire Pension Fund's performance levels, along with the update on the Annual Benefit Statement issues and the actions being taken to correct the outstanding issues from the Capita remediation plan.

1. WHY THIS REPORT IS NEEDED

- 1.1 The efficient delivery of benefits is reliant upon effective administrative procedures being in place. It is important that this information is reviewed by the Board.
- 1.2 The report at Appendix A provides an overview of performance of the operational pensions administration service delivered by West Yorkshire Pension Fund (WYPF) up to December 2020.
- 1.3 WYPF took over the administration of the Fund from Capita on 1 November 2020. From 16 October, Capita were unable to process any cases that required an update to the members record as the final “cut” of data was passed to WYPF.

WYPF Performance

- 1.4 The December monthly report shows that WYPF processed **622** cases in December with an SLA attainment of **86.5%**. Different work types have different target periods and different SLAs. These are set out in Section 1 on the monthly report.
- 1.5 For most work types, the SLAs have been met. WYPF initially focussed on getting impending retirement cases processed and paid, along with retirement estimates and ill health cases and the SLAs for these work types have exceeded their respective SLAs.
- 1.6 For the first couple of weeks in November, WYPF had to analyse the work inherited from Capita, and ensure that it was categorised correctly, so it could be processed. Once completed, WYPF started processing cases. In November, 243 cases were processed, which has increased to 622 in December, which included the break for Christmas.
- 1.7 On average, before the transition, Capita were processing c1,400 cases per month. However, as WYPF have been processing the cases, they have found that information or data inherited has raised a number of issues. WYPF have had to “re-process” work (with the additional time that this takes) that had previously been done by Capita to ensure that members are paid the correct benefits. An example of one of the issues identified is highlighted in Section 4(d) of the monthly report.
- 1.8 Officers are assisting WYPF is sorting out these issues, where required. At present, WYPF performance is slightly lower than expected. Hopefully, over the next 2-3 months, WYPF performance will meet the expected levels, as the number of issues found reduce. Officers will monitor the performance levels in January and February, to get a true reflection of WYPF performance. If issues continue to be found, Officers will work with WYPF to ensure performance is not impacted.

- 1.9 As at 12 January 2020, there were a total of c2,700 cases outstanding. Included in this figure are c1,100 cases inherited from Capita which were previously classed as “non-actionable” cases, and included on the Capita remediation plan. In addition, there are another c300 cases that are classed as “pending”, where information is required from a member, employer or other third party.
- 1.10 Officers will be asking WYPF to produce a project plan to get the inherited cases processed.
- 1.11 The ongoing complaints with WYPF are carry over complaints from Capita. WYPF and Officers are jointly working to resolve the issues raised.
- 1.12 Officers will discuss with WYPF the format of the monthly report so that it provides all the required administration to monitor their performance and become a useful document for Officers and the Board.

Regulatory Breaches

- 1.13 **September 2020 breach** – This breach was highlighted in the last report to the Board relating to an overpayment of a pension and lump sum to a member, who has been in receipt of a pension since 2014. The total overpayment was c£45,000.
- 1.14 Officers think this is classified as ‘administrator error’ and are actively seeking recovery from Capita. Officers are also taking legal advice on the likelihood of recovery of the overpayment and the Pensions Ombudsman’s likely opinion, should the member refer a complaint to them.
- 1.15 Officers are unaware of any other regulatory breaches that require to be reported to The Pensions Regulator (TPR), other than that relating to Annual Benefit Statements detailed below.

Remediation/Project Plan

- 1.16 The outstanding remediation work that was not actioned by Capita before the transition is being discussed with WYPF. Officers have asked WYPF to produce a project plan for the completion of this work and this will be shared with the Board at the meeting.
- 1.17 At the time of the transition, the number of cases outstanding in the remediation plan was c2,125. This is in addition to the “non-actionable” cases inherited as mentioned in 1.9 above.

Annual Benefit Statements

- 1.18 The Annual Benefit Statements (ABS) issue resulting from those members who are paid certain allowances by LBB, such as “Recruitment & Retention (R&R)” payments, remains ongoing. Capita Payroll have provided updated salary data to WYPF.
- 1.19 Officers are discussing with WYPF a timetable for the reissue of ABSs for these members, along with a small number of members which have been found to be incorrect. An update will be provided to the Board at the meeting.
- 1.20 There is a total of 220 members affected by this issue.
- 1.21 Capita have confirmed that no members have been affected by this issue when calculating their benefits.
- 1.22 Work to correct and update the data for the 1,114 active members who have not been issued with a 2020 ABS will be included in the project plan agreed with WYPF. However, the time it would take to correct and update the records to allow for the despatch of the 2020 ABSs due for these members is unlikely to be completed much before the end of the first quarter of 2021.
- 1.23 Officers and WYPF have concluded that to ensure that all member records are fully updated to allow for the timely and comprehensive issue of ABS to all members as at 31 March 2021, a 2020 ABS will not be issued to these members.
- 1.24 Similarly, WYPF will be looking at the data for the 1,484 deferred members who were not issued with the aim of issuing 2021 ABSs in the late spring.
- 1.25 A report on all ABS issues has been sent to TPR. Officers informed TPR that we did not intend to issue the missing 2020 ABS’s. TPR have noted this and will “will be in touch again soon.”

Pension Savings Statements

- 1.26 Pension Savings Statements (PSS) must be issued to all members whose “pension savings” in a tax year exceed the standard annual allowance of £40,000. “Pension Savings” for funds such as the LGPS is the difference between the LGPS pension earned at the start of the tax year compared against the pension earned at the end of the tax year
- 1.27 Officers asked Capita to check the “pension savings” for the members affected by the benefit statement issue highlighted above. However, Capita have declined to do this work. Officers are now considering other options. Some PSS’s may need to be reissued (if found to be previously incorrect), whilst other members may now receive a PSS as their higher salaries mean that they breach annual limits. Officers do not expect that this will affect a large number of members.

2. REASONS FOR RECOMMENDATIONS

2.1 Not applicable in the context of this report.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Not applicable in the context of this report.

4. POST DECISION IMPLEMENTATION

4.1 Not applicable in the context of this report.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The Local Pension Board supports the delivery of the Council's strategic objectives and priorities as expressed through the Corporate Plan, by assisting in maintaining the integrity of the pension Fund by monitoring the administration and compliance of the Fund.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 Not applicable in the context of this report.

5.3 Social Value

5.3.1 Not applicable in the context of this report.

5.4 Legal and Constitutional References

5.4.1 The LGPS Regulations 2013 place responsibility for the local administration of pensions and other benefits under these Regulations on the administering authority, which is the London Borough of Barnet. The Local Government (Amendment) (Governance) Pension Scheme Regulations 2015 inserts regulation 106 into the Local Government Pension Scheme Regulations 2013 which requires the Council to establish a Pension Board, whose role is to assist the Council in securing compliance with legislation, regulation and best practice, including as set out in the Pension Regulator's Code of Practice to ensure the effective and efficient governance and administration of the Scheme and any connected scheme.

5.4.2 Under the terms of reference for the Local Pension Board, the role of the Board is to assist with:

- compliance with LGPS Government regulations;
- compliance with the requirements imposed by the Pensions Regulator.
- such other matters as the LGPS regulations may specify ensure the effective and efficient governance and administration
- ensure the Pension Fund's strategy and policy documents are maintained in

accordance with the LGPS Regulations.

- ensure the Pension Fund's internal Risk Register is reviewed at least annually.
- review the Pension Fund's performance in complying with the requirements of the LGPS Regulations

5.5 Risk Management

5.5.1 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met. Good governance is essential to managing the risks of the pension fund.

5.6 Equalities and Diversity

5.6.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

5.6.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public-sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements will benefit everyone who contributes to the fund.

5.7 Corporate Parenting

5.7.1 Not applicable in the context of this report.

5.8 Consultation and Engagement

5.8.1 Where relevant, consultation and engagement is discussed in the paper.

5.9 Insight

5.9.1 Not applicable in the context of this report.

6. BACKGROUND PAPERS

6.1 None

Monthly Report

January 2021

LB Barnet Pension Fund



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1. Performance summary

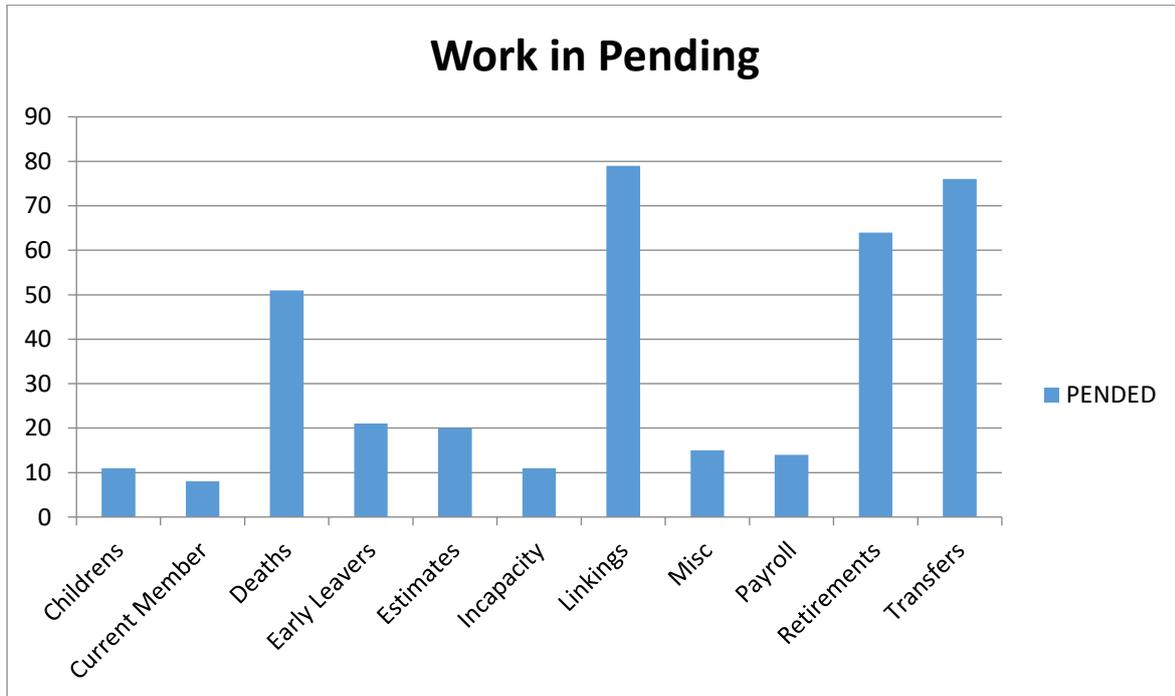
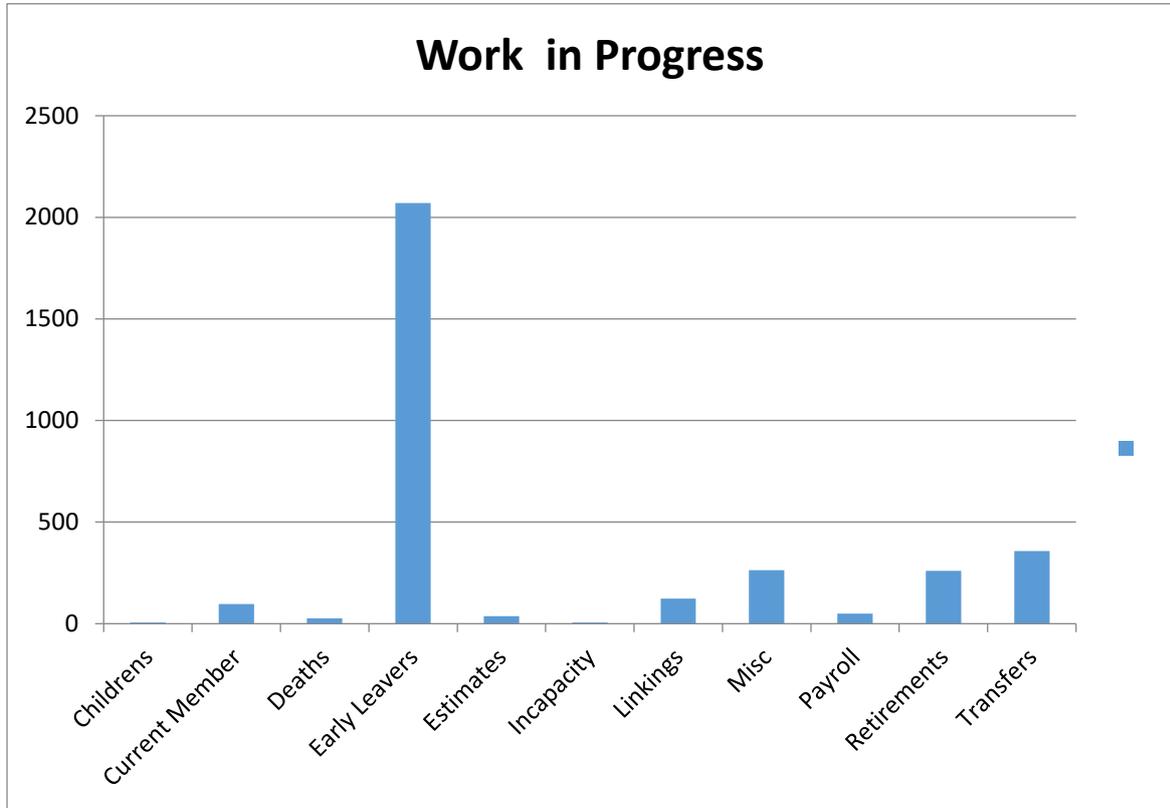
Work completed

KPI's for the period 1.12.20 to 31.12.20						
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT	AVERAGE TIME TAKEN (Days)
AVC In-house (General)	4	10	3	85	75	6
Change of Address	88	5	83	85	94.32	1.68
Change of Bank Details	12	5	11	85	91.67	1
Death Grant Nomination Form Received	50	20	50	85	100	1.34
Death In Retirement	22	5	18	85	81.82	2.64
Deferred Benefits Into Payment Actual	77	5	77	90	100	1.34
Deferred Benefits Into Payment Quote	21	35	21	85	100	1.05
Deferred Benefits Set Up on Leaving	43	10	43	85	100	1.12
Divorce Quote	2	20	0	85	0	26.5
Enquiry	1	5	0	85	0	21
Estimates for Deferred Benefits into Payment	4	10	4	90	100	1.25
General Payroll Changes	57	5	55	85	96.49	1.6
Initial letter Death in Retirement	22	5	19	85	86.36	2.18
Monthly Posting	47	10	46	95	97.87	1.68
Payment of Spouses _Child Benefits	9	10	8	90	88.89	6.78
Pension Estimate	17	10	17	75	100	1.76
Refund Actual	10	10	10	95	100	1.2
Refund Quote	14	35	14	85	100	1.43

Retirement Actual	23	3	22	90	95.65	1.78
Set Up New Spouse Pension	9	5	6	85	66.67	5.78
Spouse Potential	1	20	0	85	0	30
Transfer In Actual	1	35	1	85	100	1
Transfer Out Quote	4	20	4	85	100	1.25
Update Member Details	84	20	84	100	100	1
Total	622				86.45	



2. Work in Progress



3. Regulatory update

MHCLG reforming local government exit pay – SAB response

On 9 December 2020, the Scheme Advisory Board (SAB) published their response to the MHCLG exit reform regulations. In summary, the major issues and suggested solutions are:

- The apparent overlap between regulations 3 and 4, but difference in timescales.
- No provision to allow a member to pay extra if the strain cost is reduced by the Statutory redundancy payment under regulation 2. We believe regulation is intended to deliver this policy, but amendments are needed to do so.
- Providing different deadlines for members electing to pay extra based on the reason for the strain cost reduction, adds complexity and makes it necessary for the administering authority to know additional information about the exit. Aligning the deadlines (and combining regulations 3 and 4) would reduce complexity.
- We believe that introducing retirement provisions to the compensation regulations could lead to unintended and anomalous consequences unless a significant number of further regulation amendments are made. In our view it would be preferable to have any provisions relating to retirement in the LGPS Regulations 2013.
- The definition of ‘relevant Scheme member’ must be clarified to confirm whether it includes only those who are active members on their termination date.
- More detail is needed to confirm the position for a member who retires from active status under regulation 30(5) and the employer waives some or all the early payment reduction under regulation 30(8).

2020 Scheme valuation data collection update

As at 11 December 2020, GAD has received 74 of 88 datasets, with 57 administering authorities providing a questionnaire response alongside their data.

GAD is very grateful for the responses, especially for all the details shared via data questionnaires. There is still a little time for outstanding data to be included and they will be in touch with relevant administering authorities to understand when it is feasible to provide remaining data. GAD is keen to repeat the success of the 2019 data exercise by including data from all funds as part of the 2020 scheme valuation.

GAD is also happy to receive any further questionnaire responses - this is the primary opportunity under the 2020 valuation for you to tell GAD about features of your data.

Reminder: There will be no individual fund 2020 data reports, but a 2020 scheme valuation data report will be published with the results of the 2020 valuation.

Guidance on protecting schemes from employer distress or insolvency

On 12 November 2020, the Pensions Regulator (TPR) published guidance to help administrators of defined benefit (DB) schemes spot the warning signs of employer distress or insolvency. Although the guidance does not directly apply to LGPS administering authorities, there are common themes and much of the information will be relevant.

TPR observes that despite government economic support packages, COVID-19 continues to have a profound impact on the economy, challenging scheme employers and the pensions industry. They recommend administrators actively monitor their employer's health to look for warning signs and are ready to act as the economic impact of global events develop. They should also be prepared for any issues arising from Brexit.

To find out more, visit the Protecting schemes from sponsoring employer distress page on TPR website.

Latest news and guidance

In November 2020, the Pensions Regulator (TPR) published its Latest news and guidance for pension schemes covering:

- TPR scams pledge
- new guidance for DB trustees
- a climate change roadmap
- TPR user research survey
- TPR latest enforcement activity

To find out more, visit the Latest news and guidance for pension schemes page on TPR website.

Pledge to combat pension scams

On 10 November 2020, the Pensions Regulator (TPR) launched the pledge to combat pension scams campaign. The campaign is supported by the Pension Scams Industry Group (PSIG).

TPR urges you to help protect scheme members thinking of transferring their pensions. According to complaints filed with Action Fraud, more than £30 million has been reportedly lost to pension scammers since 2017. By making a pledge and following the principles of PSIG you show your intent to protect scheme members. You also tell the pensions industry that you are committed to stopping scammers. To find out more, visit the Pledge to combat pension scams page on TPR website.

Public service governance and administration survey 2019

On 20 November 2020, the Pensions Regulator (TPR) published the outcome of the Public service governance and administration survey 2019.

Results were consistent with the 2018 survey for five of the six key processes, with between 92 and 97 per cent of Public service schemes having these in place. Around two-thirds of you who responded to the survey had all six processes in place.

The six key processes are:

- Conflicts of interest
- Knowledge and understanding
- Assessing and managing risks
- Record monitoring
- Contribution monitoring
- Breaches of the law

To find out more, visit the Research and analysis page on TPR website.

NI database and tracing lost members

We have been informed that some administering authorities are not aware that the National Insurance (NI) database can be used to trace lost members.

In 2019, we made changes to the Database to comply with data protection legislation and to extend the use of the database beyond its original purpose of preventing the double payment of death grants. The new Data Sharing Agreement (DSA) sets out that one of its purposes is to enable information sharing to trace lost members. All authorities that use the Database have signed the new DSA.

If you are contacted by another administering authority who is using the NI database to trace members, you can share contact information with them. Scottish authorities can only share information with other Scottish authorities - likewise for English and Welsh authorities.

For information, every fund in England and Wales is now using the NI Database and has uploaded data. Nine of the eleven administering authorities in Scotland are using the Database and have uploaded data; the remaining two are in the process of doing so.

PASA launch cybercrime guidance

On 9 November 2020, the Pensions Administration Standards Association (PASA) launched their new cybercrime guidance for pensions administrators.

The guidance aims to help you by outlining four key areas covering different elements of cybercrime:

1. legal and regulatory standards
2. understanding your organisation's vulnerability to cybercrime

3. ensuring resilience
4. in case of an attack - remaining able to fulfil critical functions

To find out more, visit the Press release page on the PASA website.

4. Administration Update

a) Remote Working

The arrangements for staff working remotely are working fine with staff being able to do their normal work without any major issues. In line with Government advice, the arrangements are set to continue for the foreseeable future.

c) ISO 9001:2015

The 3 yearly recertification audit for WYPF's Quality management System has recently been undertaken. The audit was successful with no non conformities identified. This means that we have been reaccredited for the next 3 years. We will still have an annual quality surveillance.

d) Transition update

WYPF continue to encounter issues with either the quality or lack of data which is impacting on the build of records on UPM. The latest issue identified is:

- Over 1000 records which have a status history of Active> Full Refund> Refund unpaid. Over 300 of these cases have no details of contributions or documents on file to check if any refunds have actually been paid or not.

e) Member issues

WYPF are dealing with a number of complaints (thirteen in total) from members, mostly inherited from the previous administrator.

f) Internal Disputes Resolution Procedures (IDRP)

N/A

g) Employers ceasing participation

Name	Date ceased	Current position	Date Completed
Cambridge Education	31/08/2020	Gathering data to enable exit valuation to be requested	
Cambridge Education 2	31/08/2020	Gathering data to enable exit valuation to be requested	
Hestia	13/11/2020	Gathering data to enable exit valuation to be requested	

Mears Group	04/08/2020	Gathering data to enable exit valuation to be requested	
Fremantle Trust (2)	30/6/2019	Mark Fox to confirm whether cessation valuation is still outstanding.	

h) New Admission Bodies

Name	Start date	Current position	Date Completed
Innovate (St James Catholic School)	01/08/2019	Gathering data to enable new employer assessment to be requested	
M I Home Care	14/12/2018	Gathering data to enable new employer assessment to be requested	
Olive Dining (St Joseph's Primary)	01/08/2019	Gathering data to enable new employer assessment to be requested	
Caterlink (Queen Elizabeth's Girls School)	01/08/2016	Capita dealing with queries raised by actuary	
Ashlyns (St Andrew's)	01/04/2017	Capita dealing with queries raised by actuary. Now ceased and Mark Fox trying to resolve.	
Caterlink (Holly Park School)	01/04/2019	Admission agreement in process of being signed/sealed	
Atlas (Claremont)	01/05/2015	Admission agreement in process of being signed/sealed	
Atlas (St Michael's)	01/04/2015	Admission agreement in process of being signed/sealed	
HCL (Cophthall School)	01/08/2018	Admission agreement in process of being signed/sealed	
Olive Dining (Archer Academy)	01/09/2018	Admission agreement in process of being signed/sealed	
Caterlink (Totteridge Academy)	01/08/2017	Mark Fox investigating and to send details	
Sancroft Community Care Ltd	1/7/2019	Mark Fox investigating and to send details.	

h) New Academies/Schools

Name	Start date	Current position	Date completed
Ark Pioneer	01/09/2019	Hymans requires further info on salaries.	

i) Other work

Name	Description	Current position	Date Completed
Woodhouse College	Conversion to an academy	Considering whether new employer needs to be set up and/or exit valuation requested	

5. Membership Numbers

ACTIVES	DEFS	PENS	BENS	PRESERVED REFUND	LVRS OPTIONS PENDING
9366	10191	7069	935	965	211

6. Scheme Calendar for year commencing 1 January 2021

January	February	March	April
Life Certificates HMRC Event Reporting Payment of Unauthorised Lump Sum and Scheme Sanction Charge to HMRC	Life Certificates	Life Certificates	Apply Pensions Increase Apply Care Revaluation Issue P60's (with April Payslip) Life Certificates Active Newsletter Pensioner Newsletter (with April Payslip)
May	June	July	August
Active Annual Benefits Statements Life Certificates Deferred Annual Benefits Statements	Active Annual Benefits Statements Active Newsletter Life Certificates	Active Annual Benefits Statements Life Certificates	Active Annual Benefits Statements Life Certificates
September	October	November	December
Life Certificates Pension Savings Statement	Life Certificates Participate in NFI Active Newsletter tPR Scheme Returns	TPR Annual Survey Life Certificates Annual Meeting – Employers and Members Pensioner Newsletter Deferred Newsletter	Life Certificates

7. Five Year Audit Plan 2019 – 2024

West Yorkshire Pension Fund Five Year Audit Plan 2019 - 2024	Frequency	Last Audit	Recommendations	Days	19/20	20/21	21/22	22/23	23/24	Total
Annual Accounts Verification	Annual	Jul 18	1	10	✓	✓	✓	✓	✓	
Audits Per Year					1	1	1	1	1	5
Benefits										
Local Government Scheme Contributions	2 Yearly	Nov 18	0	20			✓		✓	
New Pensions and Lump Sums - WYPF										
- Normal and Early Retirements	5 Yearly	Mar 15	0	25	✓					
- Death in Service, Post Retirement Widow and Dependent Benefits	5 Yearly	Mar 17	0	20			✓			
- Ill Health Pensions	5 Yearly	Oct 13	2	20					✓	
- Flexible Retirements	5 Yearly	Apr 16	1	20		✓				
- Deferred Pensions	5 Yearly	Mar 18	0	20				✓		
Transfers Out	3 Yearly	Nov 17	0	20		✓				
Transfers In	3 Yearly	Sep 16	2	20	✓		✓			
Reimbursement of Agency Payments	5 Yearly	Mar 18	2	15				✓		
Life Certificates	5 Yearly	Oct 15	0	15		✓				
AVC Arrangements	5 Yearly	Sep 17	0	15				✓		
Admission of New Bodies	5 Yearly	Jan 15	0	20	✓					
Pensioners Payroll	2.5 years	Mar 16	3	20		✓			✓	
Purchase of Additional Pension	5 Yearly	Mar 17	1	15			✓			
Annual Benefits Statements	2.5 years	Oct 16	0	20	✓			✓		
New Pensions and Lump Sums - Fire Service	3 Yearly	Jul 18	1	15		✓			✓	
Audits Per Year					4	5	4	4	4	21



Local Pension Board

4 February 2021

Title	Pensions Scheme Risk Register
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Pensions Administration Risk Register: February 2021 Appendix B – Non-Administration Risk Register
Officer Contact Details	Mark Fox, Pensions Manager – 0208 359 3341

Summary

The Pensions Administration Risk Register is a standing agenda item for the Local Pension Board. The non-administration risks are reviewed annually by the Board.

Recommendations

That the Local Pension Board are requested to note the most recent risk registers.

1. WHY THIS REPORT IS NEEDED

- 1.1 It is important that the Council maintain the Pensions Risk Register to help protect members of the LGPS.
- 1.2 The most recent Pensions Administration Risk Register can be found in Appendix A, with non-Administration risks at Appendix B.

Risk Velocity

- 1.3 At the last Board meeting, risk velocity was discussed in relation to adding to the risk register. Risk Velocity is defined as the time to impact (i.e. an estimate of the timeframe within which a risk may occur).
- 1.4 To classify risk velocity, Officers have decided to use a traffic light system. How this classification is interpreted is classified as follows:
- Red – very rapid impact within a couple of days
 Amber – risk may occur within a few days up to a couple of months
 Green – a slow impact that may occur over several months or more
- 1.5 Officers have reviewed each of the risks on the risk register and have determined the risk velocity as follows:

Risk ID	Short Risk Title	Risk Velocity
PB001	Operational - disaster (Fire / flood etc)	Red
PB002	Member data incomplete or inaccurate	Red
PB003	Admin process failure or maladministration	Amber
PB004	Excessive charges by suppliers	Green
PB005	Employer failure to pay contributions to the fund	Green
PB006	Failure of non-public sector employers	Green
PB007	Failure to interpret rules or legislation correctly	Green
PB008	Appropriate personnel in place to perform in designated roles	Amber
PB009	Conflicts of interest	Green
PB010	Admission agreements / securities (i.e. bonds) not arranged	Amber
PB011	Commercial viability of strategic suppliers	Amber
PB012	Non-compliance with GDPR	Red
PB013	Negative media exposure and member experience	Red
PB015	Impact of COVID-19 on pensions administration	Amber
PB016	Cyber security	Red
PB017	Risk of fraud by paying pensions to ineligible individuals or fraudulent arrangements	Amber
Inv001	Investment Strategy	Amber
Inv002	Investment Manager Returns	Red

Inv003	ESG	
Inv004	Rebalancing	
Fun001	Achievement of Investment Return Assumptions	
Fun002	Contribution rate increases	
Fun003	Funding level	
Fun004	Employer's covenant	
Gov001	Knowledge and Understanding	

1.6 Risk PB014 – “Change of administrator” has been removed from the Risk Register as now the transition to West Yorkshire Pension Fund (WYPF) has been completed, this risk is no longer relevant.

1.7 Updates on other risks are as follows:

Administration Risks

1.7.1 **PB002** – WYPF undertook a common data test in December 2020, which showed that 96% this data is present and accurate. Common data is basic data such as name, date of birth, sex, address etc. This result is very close to The Pensions Regulator expectations.

Conditional data tests (i.e. data used in the calculation of member benefits) will be run by WYPF following the completion of the data correction project. Officers have asked for WYPF to put together a project plan to determine the outstanding work and the timescales for this work to be completed. The last conditional data test run in November 2019 produced a figure of 40% of data being present. Although the Pensions Regulator does not set targets for conditional data, this score will need to be improved.

The risk score remains at 10 whilst WYPF analyse and report back on the quality of the data and the data scores,

1.7.2 **PB003** – The risk score remains at 10 for this risk, but Officers anticipate that following the transition of the administration to WYPF, the score will reduce in the next few months.

1.7.3 **PB005** – Following the transition to WYPF, Officers are now reconciling contributions received each month and this will ensure that there is stronger enforcement on employers who do not pay contributions on time.

There is no change to the risk score.

1.7.4 **PB010** – Work continues to get new Admission Agreements completed. Capita have agreed to answer c6 queries that were outstanding with them prior to the transfer of administration which should be completed by 31 January 2021. WYPF are working on the more recent admissions.

The risk score remains at 6.

- 1.7.5 **PB015** – WYPF staff are working from home (as were Capita staff). To date, Officers have not seen any detrimental effect on the work processed by WYPF, but will keep this under review whilst the pandemic continues.

There is no change to the risk score.

Non-Administration Risks

- 1.7.6 There have been no additions or deletions to the identified risks in the last year. The one change to rating is to increase the impact score for Inv001 (investment strategy) from 4 to 5 to reflect the potential impact on employers should the strategy not deliver the anticipated returns. The main factor influencing funding risks was the completion of the 2019 triennial valuation that saw the funding level increase from 73% to 86% with the probability of full funding increased from 66% to 70%. The deficit recover period was reduced from a maximum of 20 years to a maximum of 17 years. An investment strategy review will be undertaken during 2021, which offers opportunities to increase the stability of investment returns while still delivering the returns necessary to achieve full funding.
- 1.7.7 In additional, a check on progress of the funding level will be undertaken as at 31 March 2021. While no employers have failed to pay contributions during the covid-19 crisis due to affordability issues, a more formal covenant assessment process would be beneficial.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Management of risk is critical to avoiding unfavourable outcomes.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not applicable in the context of this report.

4. POST DECISION IMPLEMENTATION

- 4.1 Not applicable in the context of this report.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Local Pension Board supports delivery of Council's strategic objectives and priorities as expressed through the Corporate Plan (Barnet 2024) by assisting in maintaining the integrity of the Pension Fund by monitoring the administration and compliance of the Fund.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 Risks that are not mitigated or managed can have a financial penalty to the Scheme.

5.3 **Social Value**

5.3.1 Not applicable in the context of this report.

5.4 **Legal and Constitutional References**

5.4.1 The LGPS Regulations 2013 place responsibility for the local administration of pensions and other benefits under these Regulations on the administering authority, which is LB Barnet. The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 inserts regulation 106 into the Local Government Pension Scheme Regulations 2013 which requires the Council to establish a Pension Board, whose role is to assist the Council in securing compliance with legislation, regulation and best practice, including as set out in the Pension Regulator's Code of Practice to ensure the effective and efficient governance and administration of the Scheme and any connected scheme.

5.4.2 The Risk Register is a tool that assists the Board in ensuring that the Scheme has a mechanism in place to identify and review at least annually, the pension scheme administration risks

5.4.3 Under the terms of reference for the Local Pension Board, the role of the Board is to assist with:

- compliance with LGPS Government regulations;
- compliance with the requirements imposed by the Pensions Regulator.
- such other matters as the LGPS regulations may specify ensure the effective and efficient governance and administration
- ensure the Pension Fund's strategy and policy documents are maintained in accordance with the LGPS Regulations.
- ensure the Pension Fund's internal Risk Register is reviewed at least annually.
- review the Pension Fund's performance in complying with the requirements of the LGPS Regulations

5.5 **Risk Management**

5.5.1 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met. Good governance is essential to managing the risks of the pension fund.

5.6 Equalities and Diversity

5.6.1 Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

5.6.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements will benefit everyone who contributes to the fund.

5.7 Corporate Parenting

5.7.1 Not applicable in the context of this report.

5.8 Consultation and Engagement

5.8.1 Not applicable.

5.9 Insight

5.9.1 Not applicable

6. BACKGROUND PAPERS

6.1 None

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
PB001	Operational - disaster (Fire / flood etc)	An event occurs that would impact the ability to deliver all / parts of the pension service.	Business Continuity	The administrator has Business Continuity Procedures and Disaster Recover Plans in place. Officers have been updated with the latest version of the WYPF BCP (last review - January 2020). WYPF Business Continuity and Disaster Recovery Plans may be audited by either the internal audit team of Bradford	5	1	5	5	1		Officers to check with WYPF for last audit report of BCP and date of next review.	Q1 2021	Aug-17

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
				Metropolitan District Council or external auditors appointed by the Council.									

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
PB002	Member data incomplete or inaccurate	<p>To fulfil legal obligations, the pension service is dependent on receiving accurate information and data from scheme employers, and for the administrator to maintain member records.</p> <p>Incomplete and/or inaccurate information/ data could lead to incorrect benefit calculations. The Pension Regulator requires all pension schemes to maintain accurate data.</p>	Information Governance	<p>Employer Forums' to be held biannually to support scheme employers with returning the information / data required to populate annual benefit statements.</p> <p>WYPF have run several training sessions for employers on their expectations in terms of the timely provision of data and the procedures that WYPF will undertake to</p>	5	2	10	3	2	Treat	<p>Dates for 2021 employer forums to be agreed with the Council in when Covid-19 pandemic measures have ceased.</p> <p>Common data analysis completed Q4 2020 Conditional data analysis to be completed when WYPF have finalised their review of data inherited from Capita. WYPF to put in place a project plan to correct data issues in Q1 2021</p>	<p>Q1 2021</p> <p>Q1 2021</p> <p>Q1 2021</p>	Aug-17

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
		Many unprocessed new joiners and leavers were identified in the 2019 valuation process, along with incorrect pensionable salary and CARE for members who have two job roles.		<p>ensure that data is accurate and provided on time.</p> <p>Common data analysis completed annually and conditional data analysis report completed in Q4, 2019. The scheme manager acknowledges that this is not a one-off exercise, with the next report due in late 2020.</p> <p>Officers to review with</p>							<p>WYPF to advise the Council when employers are not providing the relevant information - the Council to escalate.</p> <p>The Barnet Fund administration strategy will be updated with the provision for the Administering Authority to issue fines to employers who do not provide information requested in a timely manner.</p>	<p>Ongoing</p> <p>Q1 2021</p>	

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
				WYPF that UPM administration system enforces independent checking / authorisation of any system amendments made to ensure accuracy of events / member payments.							Project Plan agreed with WYPF to correct data issues and obtain outstanding information. WYPF to confirm system processes on UPM for any system updates and authority levels.	Ongoing Q1 2021	

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
PB003	Admin process failure or mal-administration	<p>Administration of the pension scheme should be in line with the Local Government Pension Scheme (LGPS) rules.</p> <p>Issues with the Annual Benefit Statement process and Pensions Savings Statements from previous tax years not issued in line with statutory deadlines.</p>	Statutory Duty	<p>Ongoing dialogue between Barnet and WYPF through fortnightly meetings</p> <p>Formal agreement in place with WYPF, including agreed SLA's.</p> <p>Authority level clearly agreed and kept up to date, including clear definition of delegated authorities and individual approval authorities.</p> <p>Scheme Event</p>	5	2	10	2	1	Treat	<p>Officers to review WYPF authority levels embedded within the UPM system so based on role on who can authorise and sanction large payments - these controls are tested annually in the ISO accreditations.</p> <p>Scheme Event Calendar in place and reviewed annually.</p> <p>Independent testing of data quality re: triennial valuation through the</p>	<p>Ongoing</p> <p>Annually</p> <p>Triennial</p>	Aug-17

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
				<p>Calendar in place to ensure legislative / regulatory deadlines are achieved (i.e. ABS / Scheme Return etc.)</p> <p>Staff training plans in place to ensure processing in accordance with LGPS requirements</p> <p>Monthly reports by WYPF to scheme managers.</p>							<p>Hymans Robertson data portal.</p> <p>WYPF processes and policies being shared with Officers to review.</p>	Ongoing	

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
PB004	Excessive charges by suppliers	The cost of running the pension scheme should not exceed the agreed budget.	Finance	Pension scheme budget agreed annually. Periodic review of suppliers.	2	1	2	2	1	Treat	Budget to be agreed annually.	Annually	Aug-17

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
PB005	Employer failure to pay contributions to the fund	The fund does not receive the correct amount of contributions from employers to fund employee pension liabilities, leading to a scheme deficit.	Finance	<p>Monthly reconciliation of contribution payments received by the LBB and WYPF.</p> <p>Ongoing dialogue with employer around when contributions are due.</p> <p>Training provided by WYPF to employers on monthly contribution return process.</p> <p>LBB to monitor receipt of contributions</p>	2	2	4	2	1	Treat	<p>Employers have been updated on the revised monthly reconciliation procedures to take affect from 1 November 2020.</p> <p>Revised procedures have been implemented to improve the collection of strain cost invoices.</p> <p>Officers are checking that employers pay the correct contributions rates following</p>	Monthly	Aug-17

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
				<p>(both on time and late).</p> <p>Officers will enforce the collection of contributions and other costs from employers by threatening the use of fines if applicable. The Administration Strategy document will be updated to reflect this and shared with employers.</p>							the 2019 valuation.		

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
PB006	Failure of non-public sector employers	Should admitted bodies default on payments, the fund is left with additional pension liabilities.	Finance	<p>LB Barnet Pension Team monitoring of employer covenant and business strength.</p> <p>There is a backlog of admission agreements and bonds that increase the risk of an unrecovered shortfall.</p>	2	2	4	2	2	Treat	<p>Review all admitted bodies to ensure an appropriate bond/guarantee is in place and reporting into the Pension Fund Committee.</p> <p>A small number of Admission Agreements remain outstanding mainly due to Capita not proving the actuary with data required to complete the necessary calculations.</p>	<p>Ongoing</p> <p>Ongoing</p>	Aug-17

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
											<p>Capita have agreed to provide the required information by the end of January 2021.</p> <p>WYPF will provide the information for new admitted bodies going forward.</p>	<p>Q1 2021</p> <p>Ongoing</p>	

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
PB007	Failure to interpret rules or legislation correctly	The Board does not have the level of pension knowledge to perform their role effectively.	Compliance	Up to date training log in place, showing completion of training material. Technical advice and updates formally noted on training log.	2	1	2	2	1	Treat	No further actions required; risk has reached its target score and is being tolerated with the existing controls and mitigations in place. Officers to send all members of Board (and Pension Fund Committee) a training questionnaire to identify training requirements over the next year.	N/A Q1, 2021	Aug-17

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
PB008	Appropriate personnel in place to perform in designated roles	The Board does not comply with statutory obligations and is unable to evidence appropriate governance.	Compliance	Ensure that the personnel in key roles in relation to the administration of the Fund are suitably experienced and qualified to perform in their roles and have the appropriate authorities to ensure the administration is executed effectively at all times	4	2	8	2	1	Treat	Review of roles and responsibilities of relevant individuals to ensure individuals hold appropriate authorities or there is clear escalation of issues requiring decisions. Annual appraisal reviews and setting of objectives	Ongoing	Aug-17

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
PB009	Conflicts of interest	Decisions made may be influenced by other factors and may be subject to challenge.	Compliance	<p>Statutory Duty Pension Board awareness of legal responsibility.</p> <p>All Pension Board members to declare any conflicts and potential conflicts.</p> <p>All pension board members have completed relevant educational material.</p> <p>All conflict of interest documentation signed by all board members</p>	3	1	3	3	1	Treat	No further actions required; risk has reached its target score and is being tolerated with the existing controls and mitigations in place.	N/A	Aug-17

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
				and recorded in conflict of interest register Any changes to be included with minutes at each meeting.									

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
PB010	Admission agreements / securities (i.e. bonds) not arranged	<p>Should an employer not be admitted to the Fund in a timely manner then employees will not be able to draw their benefits or have access to death in service benefits relating to the LGPS.</p> <p>This could result in intervention from TPR possibly resulting in a financial consequence and reputational damage to the Council.</p>	Compliance	The Council is working with Capita, Hymans, WYPF, HB Law and employers to improve the process for arranging for admission agreements and bonds/bond renewals to be put in place and to address the backlog.	3	2	6	4	2	Treat	<p>Review all admitted bodies to ensure an appropriate bond/guarantee is in place and reporting into the Pension Fund Committee.</p> <p>Progress continues to be made on the processing of admission agreements and bonds.</p> <p>However, a small number remain outstanding mainly due to Capita not providing the actuary with data</p>	Q1, 2021	Jan-19

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
											<p>required to complete the necessary calculations.</p> <p>Capita have agreed to provide the required information by the end of January 2021.</p> <p>WYPF will provide the information for new admitted bodies going forward.</p>	<p>Q1, 2021</p> <p>Ongoing</p>	

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
PB011	Commercial viability of strategic suppliers	If the commercial viability of a strategic supplier declines this could lead to operational failings resulting in service disruption/reduction, failure to complete statutory duties and financial costs.	Business Continuity	<p>Contract management framework, with policy and procedures for commercial activity.</p> <p>Contract monitoring takes place monthly with quarterly reporting to Financial Performance and Contracts Committee.</p> <p>Contract register kept under review with checks on financial status of strategic</p>	5	2	10	4	2	Treat	Collate the information that would be required to enable the Council to take over the running of these services should it become necessary.	Ongoing	Mar-19

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
				suppliers. Contract management arrangements in place, including indicators to identify financial stress. Business continuity plans in place.									

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
PB012	Non-compliance with GDPR	Failure to adhere to GDPR may lead to the breach of GDPR regulations (e.g. breach of personal information), which will result in enforcement action from TPR and the ICO, resulting in financial and reputational impact on the Council.	Statutory Duty	<p>Council Officers are required to engage with GDPR eLearning to be trained on GDPR regulations.</p> <p>WYPF staff must complete GDPR awareness training and more in-depth training if they are involved in the processing of personal data.</p>	3	2	6	2	1	Tolerate	<p>WYPF ensure that all employees responsible for handling personal data will receive appropriate training in the use and control of this data.</p> <p>Officers responsible for sensitive personal data will also receive training appropriate to their roles.</p>	<p>Ongoing</p> <p>Ongoing</p>	Mar-19

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
PB013	Negative media exposure and member experience	<p>Negative media attention may lead to ineffective media management impacting on the reputation of the Council and impacting on staff morale.</p> <p>Staffing and Culture Communications team to liaise with S151 Officer as and when a media enquiry arises.</p> <p>Member perception of the Fund may be negatively impacted due to</p>	Staffing and Culture	<p>Staffing and Culture Communications team to liaise with S151 Officer as and when a media enquiry arises.</p> <p>Officers to provide regular communication on the Barnet Fund when changes or issues occur</p>	4	2	8	2	1	Tolerate	<p>Press releases to be shared with Local Pension Board members prior to publication (if possible).</p> <p>Member experience to be measured by satisfaction surveys and feedback by WYPF.</p> <p>Officers and WYPF to discuss members issues at least fortnightly (or more frequently should this be required).</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>	Mar-19

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
		both member experience and negative reporting of the fund in the media.											

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
PB015	Impact of COVID-19 on pensions administration	Administration processes and levels being maintained whilst administrators working from home with no detrimental effect on the payment of members benefits and general service levels.	Business Continuity	WYPF have developed their own Business Continuity plan., This is to be shared with Council Officers. Officers will monitor service levels through regular reports and calls with WYPF.	4	3	6	2	2	Treat	Officers to monitor performance levels, complaints and resourcing levels. Any major dip in levels should be raised with Senior Management at WYPF and Commercial Team at the Council.	Ongoing	Apr-20

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
PB016	Cyber security	<p>The Fund holds large amounts of personal data which can make them a target for fraudsters and criminals. Steps need to be taken to protect members which includes protecting them against the 'cyber risk'.</p> <p>This can be defined as the risk of loss, disruption or damage to the fund or its members as a result of the failure of its information</p>	Compliance	WYPF, as part of its Information Governance Toolkit, has adopted a Cyber Security policy which outlines how the Fund protects members' data from incidents of Cyber Crime and risk of hacking together with outlining the Fund's control mechanisms for its pension administration software system.	5	2	10	2	2	Treat	To obtain the latest report from WYPF on their cyber security risk mitigations.	Q1 2021	Jun-20

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

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					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
		technology systems and processes. It includes risks to information (data security) as well as assets, and both internal risks (eg from staff) and external risks (eg hacking).											

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

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PB017	Risk of fraud by paying pensions to ineligible individuals or fraudulent arrangements	The Fund should evaluate the various forms of fraud in relation to pensions administration and then arrange for the implementation of appropriate controls that are both proportionate and pragmatic.	Compliance	<p>The administration team run an annual pensioner existence to ensure that pensioners still alive and that pensions are being paid to the correct member.</p> <p>Pension transfer documentation sent to members contains the recommended literature from The Pensions Regulator so make members aware of</p>	4	2	8	2	1	Treat	<p>The administration team to update Officers the results of the pensioner existence exercise and where members have not responded, their pension will be suspended until with the pensioner.</p> <p>Officers review transfer documentation sent with transfer quotations to members and review the processes to ensure that appropriate</p>	<p>Ongoing</p> <p>Ongoing</p>	Aug-20

Last Updated: 14/01/2021

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – February 2021

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				“pension scams” and the administration processes to ensure proper checks on the receiving arrangement before making payment.							checks are being taken to prevent transfer value payments being made to “pension scam” arrangements.		

Last Updated: 14/01/2021

Appendix 1

London Borough of Barnet Pension Fund Risk Register January 2021

Risk ID	Short-risk Title	Long Description	Nature of Risk	Controls and Mitigation in Place	Residual Risk			Target Risk			Further Actions		Date Risk Identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Actions	Delivery Date	
Inv001	Investment Strategy	Long-term investment strategy for the Pension Fund has low chance of delivering return required to meet fully funded objectives	Strategy	The investment strategy was reviewed in 2018 and changes made increased the probability of achieving full funding in 20 years from 66% to 70%. The changes are substantially implemented. The funding level at the 2019 triennial valuation improved from 73% to 86%.	Major 5	Possible 3	High 15	Major 4	Possible 3	Medium High 12	The investment strategy has been enhanced during 2020 and will be reviewed in 2021.	31-Dec-21	Initial risk
Inv002	Investment manager returns	Investment managers under perform relative to the benchmark over the medium term.	Implementation & Monitoring	Quarterly investment monitoring in place to analyse market performance against the performance of the investment manager. The most volatile asset place (equities) is mostly managed on an index tracking basis to eliminate relative performance risk. The active portfolio is highly diversified to reduce the impact of single manager performance. The planned elimination of DFG's will significantly reduce the impact of single manager underperformance	Medium 3	Possible 3	Medium 9	Major 3	Possible 3	Medium 9	As assets are pooled with the London CIV there will be enhanced scrutiny of manager capabilities	31-Dec-25	Initial risk
Inv003	ESG	The management of ESG risk is not adequate impacting on both investment returns and reputational risk.	Implementation & Monitoring	The investment portfolio is highly diversified and the active managers are expected to take into consideration all risks when selecting investments. The Pension Fund Committee is currently reviewing its approach to ESG issues.	Major 4	Unlikely / Possible 2	Medium 8	Low / medium 2	Unlikely / Possible 2	Low 4	To meet regulations the Fund is required to establish climate related metrics and targets	31-Mar-23	Jan-20
Inv004	Rebalancing	Rebalancing of portfolios to approved asset allocations delayed due to market volatility	Implementation & Monitoring	Scheduled timetable for sale and transfer of assets to ensure transition completed in agreed timeframe	Medium 3	Possible 3	Medium 9	Medium 3	Possible 3	Medium 9	Full reporting of transition costs following significant asset transfers	ongoing	Initial risk

Risk ID	Short-risk Title	Long Description	Nature of Risk
Fun001	Achievement of Investment Return Assumption	Fund assets fail to deliver returns in line with actuarial assumptions	Strategic
Fun002	Contribution rate increases	Effect of possible increase in employer's contribution rate on service delivery and affordability for scheme employers	Cashflow
Fun003	Funding level	Significant reduction in funding level following triennial actuarial valuation	Strategic
Fun004	Employers' covenant	Strength of covenant of employers /risk of financial loss to Pension Fund	Implementation & cashflow

Controls and Mitigation in Place	Residual Risk			Impact
	Impact	Likelihood	Risk Score	
Annual actuarial review and triennial valuation on all employers anticipate long term returns on prudent basis. However, markets are volatile and three year returns are unpredictable. Changes to investment strategy since 2018 have increased the probability of achieving full funding while protecting downside risk.	Major 4	Possible 3	Medium High 12	Major 4
Manage impact by deficit spreading and phasing in of contributions rises. Council already has +/-1% annual change band and pooling for academies provides some stability. Rates on average held steady at 2019 valuation with increases in primary rate offset by lower secondary contributions. Upward drift of primary rates is partly due to Government action that has increased the benefit liability.	Major 4	Possible 3	Medium High 12	Medium 3
The funding level increased at the 2019 valuation from 73% to 86%. Post March 2019 returns have achieved the actuary's target. A review will be undertaken at 31 March 2021 to check progress of funding level. The investment strategy will be reviewed in 2021 to ensure that the risk level is appropriate.	Major 4	Possible 3	Medium High 12	Medium 4
Ensure Bond arrangements maintained and renewed. Pension Fund Committee monitors Admission agreements bond renewals. The Council is considered a low risk and academies have a limited Government guarantee. Other employers are monitored.	Medium 3	Unlikely 2	Low Medium 6	Medium 3

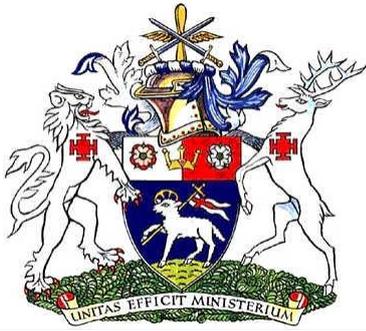
Target Risk		Further Actions		Date Risk Identified
Likelihood	Risk Score	Actions	Delivery Date	
Possible 3	Medium High 12	Investment strategy will be reviewed in 2021 and there may be opportunities to improve the likelihood of achieving full funding	31-Dec-21	Initial risk
Possible 3	Medium 9	The March 2022 valuation offers additional opportunities to stabilise contributions	31-Mar-23	Initial risk.
Unlikely / Possible 2	Medium 8	Opportunities to increase the prudence level will be considered at the March 2022 triennial valuation	31-Mar-23	Initial risk
Unlikely / possible 2	Low Medium 6	With the increase in the number of employers consideration is being given to a more formal employer covenant assessment process.	ongoing	initial risk

Risk ID	Short-risk Title	Long Description	Nature of Risk
Gov001	Knowledge and Understanding	Those involved in governance of the Pension Fund have insufficient knowledge and support to undertake their functions.	Training

Controls and Mitigation in Place	Residual Risk			Impact
	Impact	Likelihood	Risk Score	
<p>This risk covers PF Committee, Local Pension Board, officers and advisors. Training plans are developed for the PF Committee and Local Pension Board and members are encouraged to identify training needs. Complex agenda items are introduced via training sessions. The officer resources have recently been increased. The performance of advisors is regularly reviewed and feedback provided.</p>	Major	Low	Low	Major
	4	1	4	4

Target Risk		Further Actions		Date Risk Identified
Likelihood	Risk Score	Actions	Delivery Date	
Low	Low	Regular Training. Local Pension Board members complete TPR Public Sector Trustee Toolkit	Ongoing	Jan-17
1	4			

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Local Pension Board

4 February 2021

Title	Local Pension Board – Annual Report 2020
Report of	Head of Governance
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A –Terms of Reference for Local Pension Board Appendix B – Local Pension Board, Forward Work Plan 2021/22
Officer Contact Details	Paul Frost, Senior Governance Officer 020 8359 2205, paul.frost@barnet.gov.uk

Summary

This report provides an update on the work of the Local Pension Board which will be reported to the Pension Fund Committee and Full Council in line with the reporting guidelines set out in the terms of reference.

The report includes the Local Pension Board Terms of Reference and its Forward Work Plan for consideration.

Recommendations

- | |
|--|
| 1. That the Local Pension Board note the report |
| 2. That the Local Pension Board note Terms of Reference as highlighted within Appendix A |
| 3. That the Local Pension Board note and comment on the annual work plan attached at Appendix B. |
| 4. That the Local Pension Board note that this report be submitted to the next possible meeting of the Pension Fund Committee and Full Council. |

1. WHY THIS REPORT IS NEEDED

- 1.1 The Public Service Pensions Act 2013 requires the establishment of Local Pension Boards to assist local authorities with the effective management of local pension funds. The Department for Communities and Local Government (now the Ministry for Housing, Communities and Local Government) has issued regulations and reporting guidelines concerning the implementation of Local Pension Boards.
- 1.2 This report provides a summary of the work carried out by the Council's Local Pension Board. The report covers the period from the Board's meeting from November 2019 to date. It presents details of the Board members, training and items covered during the Board's meetings. It also raises several items the Board wishes to draw to the Council's attention.
- 1.3 The Local Pension Board's terms of reference, at Appendix A, set out the reporting guidelines which states that the Board shall report to the Pension Fund Committee as often as is necessary and at least annually:
- a summary of the work undertaken;
 - the work plan for the next 12 months;
 - details of training received and planned; and
 - details of any conflicts of interest and how they were dealt with.
- 1.4 The Local Pension Board is requested to consider whether any breach in compliance or other significant issues that has come to their attention should be reported to Full Council such as:
- any areas of persistent non-compliance
 - any area of non-compliance within the LGPS Regulations that have been reported to the Pension Fund Committee
 - areas raised to the Board to be investigated and how they were dealt with;
 - any risks or other areas of potential concern it wishes to raise;

Local Pension Board Membership

1.5 The membership of the Board during the year was as follows:

Representative	Type of Membership	Term of Office
Professor Geoffrey Alderman – Chairman	Retired Employee	21 May 2019 – 20 May 2023
Hem Savla – Vice Chairman	Retired Employee	30 January 2018 – 29 January 2022
Stephen Ross	Independent Member	21 May 2019 – 20 May 2023
Salar Rida	Active Employee	7 March 2017 – 6 March 2021
Rebecca Doctors	Employer – Admitted Body (Alma Primary School)	20 October 2020 – 19 October 2024
David Woodcock	Employer – Admitted Body (Middlesex Uni)	30 January 2018 – 29 January 2022
Councillor Thomas Smith	Councillor	20 October 2020 – 24 May 2021
Alice Leach – Substitute Member	Retired/ <u>Deferred</u> Employee	30 January 2018 – 29 January 2022
Councillor Helene Richman	Councillor	20 October 2020 – 24 May 2021

Summary of Work Undertaken

1.6 The follow items have been considered by the Local Pensions Board since 19 November 2019:

Meeting	Item
19 November 2019	Triennial Valuation update Local Pension Board update Penson Committee Decisions External Audit report Compliance with code of practice Chairman’s Urgent Item – Capita Performance and The Pensions Regulator Update
10 February 2020	Decision mand by the Pension Fund Committee Consultation on Funding Strategy Statement Administration Risk Register Remediation Plan and Regulatory Intervention Communication Policy Scheme Risk Register
25 June 2020	Internal Auditor’s Planning Report for the year 201920 Valuation and Funding Update Decision mand by the Pension Fund Committee

	External Auditors Planning report for the year 2019/20 Pension Administration Transition (PAT) Project update Capita Remediation Plan and Pension Regulator Update Performance Report Risk Register
2 September 2020	Decision mand by the Pension Fund Committee Pension Administration Transition (PAT) Project update Pensions Administration Risk Register Performance Report
17 November 2020	Pension Administration Transition (PAT) Project update Pensions Administration Risk Register Decision mand by the Pension Fund Committee Administration Performance Report Legislative and Regulator Update External Auditors Report

Recommendations and Comments to the Pension Fund Committee

- 1.7 The Local Pension Board can bring any recommendations or observations concerning the governance, management and administration of the fund to the attention of the Pension Fund Committee.

Board Training

- 1.8 Members are required to attend all meetings and training sessions during the year. Training is important to ensure the Board, as a whole, have the appropriate skills, knowledge and understanding to support the Scheme in running effectively. Board Members had the opportunity to attend the CIPFA LGPS Local Pension Board Members annual conference. As detailed below, four CIPFA training events were attended by at least one Board Member.
- 1.9 During 2020/21 the Board received additional briefings and bespoke training that was delivered by the Fund actuary, Hymans, at its June meeting.
- 1.10 Local Pension Board Members are required to complete the Pensions Regulator (TPR) toolkit. The Board should note that two Board Members have not provided evidence that they have completed this. It should be further noted that The Pensions Regulator had requested that all Members of the Board complete this free online programme.

Key Areas 2019/20

- 1.11 The Local Pension Board raised several concerns that are set out below:
- a) The performance of the outsourced administrator, Capita, had been an ongoing concern for the Board. Council on 3 March 2020 agreed to transfer the administration of the Barnet Pension Fund from Capita to the West Yorkshire Pension Fund. This transfer was completed on 30

October 2020. The Board have monitored the progress of the transfer and have raised concerns regarding the backlog of unresolved issues for Members of the Fund.

- b) The statutory deadline for issuing Annual Benefit Statements (ABS) is 31 August annually. ABS were issued to 9,811 deferred members in early August 2020 and to 6,538 active members on 28 August 2020. However, there were c2,600 Members who did not received an ABS mainly due to outstanding information due from employers. This was particularly disappointing as it had been expected that the ABS process would have improve by addressing the issues encountered in 2019.
- c) Areas of Non-Compliance – the Board has noted that reports have been submitted to the Pension Fund Committee that have outlined matters in relation to the intervention of the Pensions Regulator and the Council's response via its Improvement Plan. This also outlined delays in the receipt of contributions.

Local Pension Board Budget

- 1.12 The terms of reference include a requirement to prepare an annual budget for approval by the Pension Fund Committee. The annual budget proposed by the Board at its November 2019 meeting and approved by the Pension Fund Committee was £32,572 comprising attendance and training costs of £7,572 and Board support (advice) of £25,000.
- 1.13 Collective training was provided at Board meetings e.g. the attendance of the Scheme Actuary.
- 1.14 The Member attendance costs which impact on the Board's Budget are outlined below:

Meeting	Attendance Cost
19 November 2019	£127 x 6 = £762
10 February 2020	£127 x 6 = £762
25 June 2020	£127 x 7 = £889
2 September 2020	£127 x 7 = £889
17 November 2020	£127 x 6 = £762
Total	£4,064

- 1.15 Board members attending external conferences incurred fees of £1,305 during 2020. The courses attended were:
- Local Pension Board Autumn Seminar (4 members)
 - McCloud Update (1 member)
 - LGPS Pension Board Annual Event (1 member)
- LGPS Members Spring Conference (3 members)

- 1.16 The budget below is proposed for the next municipal year. In addition to attendance fees and external training a budget of £25,000 has been included for Board support.
- 1.17 From time to time, the Board may wish to commission an independent external advisor to review and make recommendations in relation to a specific issue. Should there be a requirement to call on this support, the Board should agree the issue to be considered and the terms of engagement (i.e. scope and upper funding limit). Attendance at meetings by Scheme advisors is not charged against the Board's budget although if the Board were to commission additional work, this will be reflected in their expenses.

Attendance and Training	Board Member attendance fees	£4,064
	Board Member Training attendance fees	£3,000
Board Administration	Board support	£25,000
Total		£32,064

- 1.18 The Local Pension Board is invited to consider the budget and the reporting matters above.

2 REASONS FOR RECOMMENDATIONS

- 2.1 The terms of reference of the Local Pension Board outline the reporting requirements for the Board's annual report.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None in the context of this report.

4. POST DECISION IMPLEMENTATION

- 4.1 This report will be included on the agenda for the next Pension Fund Committee. The Board will be informed of responses from the Committee.
- 4.2 Following consideration by the Pension Fund Committee, the report will be considered by Full Council in accordance with the Board's terms of reference.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.2.1 The Local Pension Board supports the delivery of the Council's strategic objectives and priorities as expressed through the Corporate Plan, by assisting in maintaining the integrity of the Pension Fund by monitoring the administration and compliance of the Fund.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT,

Property, Sustainability)

5.2.1 The budget for the Board is outlined in section 5 of the report.

5.3 Social Value

5.3.1 None in the context of this report.

5.4 Legal and Constitutional References

5.4.1 The Public Service Pensions Act 2013 and the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 required the Council to establish a Pension Board by 1 April 2015.

5.4.2 The Board's terms of reference of the Board state that "...the Board shall report to the Pensions Committee as often as the Board deems necessary and at least annually in relation to:

- a summary of the work undertaken;
- the work plan for the next 12 months;
- details of training received and planned; and
- details of any conflicts of interest and how they were dealt with.

5.4.3 It is noted that no conflicts of interested were recorded.

5.5 Risk Management

5.5.1 There are no specific risk management implications arising from this report.

5.6 Insight

5.6.1 None in the context of this report.

5.7 Equalities and Diversity

5.7.1 There are no Equalities and Diversity issues arising from this report.

5.7.2 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people from different groups
- foster good relations between people from different groups

5.7.3 The protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation.

5.8 Consultation and Engagement

5.8.1 None in the context of this report.

6. BACKGROUND PAPERS

- 6.1 Reports relating to Local Pension Board Meeting can be found at: [Committee details - Local Pension Board \(moderngov.co.uk\)](#)

London Borough of Barnet
Local Pensions Board - Work Programme
January 2021 – April 2022

Title of Report	Overview of decision	Report Of	Issue Type (Non key/Key/Urgent)
24 June 2021			
Decisions made by the Pension Fund Committee	To approve the Pension Fund Committees decision making processes.	Finance Director	Non-Key
Administration Performance Report	To monitor the performance of the pension administration service	Finance Director	Non-Key
Administration Risk Register	To review the administration risk register.	Finance Director	Non-Key
External Audit Plan	To note the work to be undertaken by the external auditor in respect of the Fund's 2020-21 accounts.	Finance Director	Non-Key
Compliance with TPR Code of Practice	Detailed review of compliance with the TPR code.	Finance Director	Non-Key
Training Policy	To approve the Board's Training Policy.	Finance Director	Non-Key
Review of Administration Strategy, IDRPs and Breaches Policy.	To review the key administration processes in place.	Finance Director	Non-Key
12 October 2021			
Decisions made by the Pension Fund Committee	To approve the Pension Fund Committees decision making processes.	Finance Director	Non-Key

Subject	Decision requested	Report Of	Contributing Officer(s)
Administration Performance Report (including ABS report & progress on data improvements)	To monitor the performance of the pension administration service and plans for the issue of Annual Benefit Statements.	Finance Director	Non-Key
Administration Risk Register	To review the administration risk register.	Finance Director	Non-Key
Annual Report of Scheme Auditor	To receive the annual report of the Scheme Auditor relating to the accounts to 31 March 2021.	Finance Director	Non-Key
6 December 2021			
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Annual Update on Funding and Investment Strategy	To review the approach being taken to setting both funding and investment strategies.	Finance Director	Non-Key

Subject	Decision requested	Report Of	Contributing Officer(s)
3 February 2022			
Decisions made by the Pension Fund Committee	To approve the Pension Fund Committees decision making processes.	Finance Director	Non-Key
Administration Performance Report (including any transition issues)	To monitor the performance of the pension administration service	Finance Director	Non-Key
Scheme Risk Register	To review the Scheme Risk Register	Finance Director	Non-Key
26 April 2022			
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3 February 2022			
Decisions made by the Pension Fund Committee	To approve the Pension Fund Committees decision making processes.	Finance Director	Non-Key
Administration Performance Report (including any transition issues)	To monitor the performance of the pension administration service	Finance Director	Non-Key
Scheme Risk Register	To review the Scheme Risk Register	Finance Director	Non-Key
26 April 2022			
Decisions made by the Pension Fund Committee	To approve the Pension Fund Committees decision making processes.	Finance Director	Non-Key
Administration Performance Report	To monitor the performance of the pension administration service	Finance Director	Non-Key
Administration Risk Register	To review the administration risk register.	Finance Director	Non-Key
External Audit Plan	To note the work to be undertaken by the external auditor in respect of the Fund's 2020-21 accounts.	Finance Director	Non-Key
Compliance with TPR Code of Practice	Detailed review of compliance with the TPR code.	Finance Director	Non-Key
Training Policy	To approve the Board's Training Policy.	Finance Director	Non-Key

Subject	Decision requested	Report Of	Contributing Officer(s)
Review of Administration Strategy, IDRP and Breaches Policy.	To review the key administration processes in place.	Finance Director	Non-Key

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