

MEETING

LOCAL PENSION BOARD

DATE AND TIME

THURSDAY 25TH JUNE, 2020

AT 6.00 PM

VENUE

VIRTUAL MEETING

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

TO: MEMBERS OF LOCAL PENSION BOARD (Quorum 3)

Chairman: Geoffrey Alderman

Vice Chairman: Hem Savla

Stephen Ross

Councillor Thomas Smith

Salar Rida

Rebecca Doctors

David Woodcock

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 by Monday 22 June 2020, 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

ASSURANCE GROUP

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ORDER OF BUSINESS

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1.	Minutes of last meeting	5 - 10
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Decisions of the Local Pension Board

10 February 2020

Members Present:-
Professor Geoffrey Alderman (Chairman)

AGENDA ITEM 1

Stephen Ross
David Woodcock
Councillor Thomas Smith
Rebecca Doctors

Salar Rida
Alice Leach

Apologies for Absence

Hem Savla

1. MINUTES OF LAST MEETING

The minutes of the last meeting held on the 19th November 2019 were approved.

2. DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS

None.

3. ABSENCE OF MEMBERS

Apologies were received from Mr Hem Savla.

4. PUBLIC QUESTION AND COMMENTS (IF ANY)

None.

5. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

6. MEMBERS' ITEMS (IF ANY)

None.

7. DECISIONS MADE BY PENSION FUND COMMITTEE

The Head of Finance – Pensions introduced the report. He provided a summary of the decisions that were made by the Pensions Fund Committee at the meeting on the 21st November 2019. He highlighted the key points which included;

- The 2019 Triennial Valuation
- The Pensions Regulator update
- Admitted body and bond status update
- Quarterly investment performance update
- Investment strategy
- Responsible investing
- Review of the performance of advisors

- Pension fund costs and expenses

Mr Bruce informed the Board that following the Responsible Investment training session that was held, a survey was circulated for all board members to complete. The responses would be collated and the opinions shared as well as a note detailing how these would shape the strategy.

Mr Bruce explained that a six-monthly report would be taken to the Pension Fund Committee to inform members of the expenditure on advisors and fund managers to ensure a good level of transparency.

Members of the Board were given the opportunity to provide comments and ask questions.

The Chairman was asked whether he attends the Pension Fund Committee meetings. He informed the Board that he does not attend on a regular basis but does have regular dialogue with the Chairman of the Pension Fund Committee. He also said he attends when requested by the Chairman.

Having considered the report, the 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 outcome of these discussions is to be reported back to the Pension Fund Committee

8. CONSULTATION ON FUNDING STRATEGY STATEMENT

The Head of Finance – Pensions introduced the report. He explained that the Pension Fund is required to prepare and maintain a Funding Strategy Statement (FSS) and that the Council is required by legislation to consult on any changes to the FSS to those it deems appropriate to do so. He informed the Board that Appendix 1 of the report summarised the main changes that had been made.

The Head of Finance – Pensions also notified the Board that the Council had expressed an interest in pension contributions being paid early as this would result in approximately 4 ½% discount being applied.

Members of the Board were given the opportunity to provide comments and ask questions.

Members enquired how financial assessment of academies was carried out, as some currently held good reserves and others required financial measures. Officers advised the Board that the government provided a partial guarantee for academies which helped offset some of the risk.

Having considered the report, the Board:

RESOLVED:

That the Local Pension Board reviewed the draft Funding Strategy Statement and identified any issues that it wished the Pension Fund Committee to consider.

9. ADMINISTRATION PERFORMANCE REPORT

The Pensions Manager introduced the report. He notified the Board that the SLA's had improved since the last report. He explained that there are still issues with data and outstanding debtors but processes had been put in place to resolve these.

The Pensions Manager explained that the number of errors and complaints had reduced since the last report and that procedures had now been implemented to ensure Members are contacted about any delays on obtaining information.

Communication about outstanding contributions and overpayments was improving to ensure repayments were received in a timely manner. Also, fines would be issued for non-payment's that have been chased multiple times.

The Board were informed that the action backlog had now been completed. Officers from Capita explained that the 900 outstanding cases had all been cleared within 6 weeks, which was ahead of the set schedule. He said that escalation routes had previously not been robust enough and so Capita was working with Barnet to strengthen these.

Having considered the report, the Board:

RESOLVED:

That the Local Pension Board noted the current performance levels, plans for reducing non-actionable caseload backlogs and the plans for further development of monthly performance reporting.

10. REMEDIATION PLAN AND REGULATORY INTERVENTION

The Pension Manager introduced the report. The report provided the Board with an update on progress against the remediation plan and the breaches report that had been sent to the Pensions Regulator, in relation to the failure to send out some pensions statements. Many of the actions agreed had now been completed and this had reassured the Pensions Regulator of compliance. The Pensions Regulator had noted the progress made so far and no further action was being taken now. A comprehensive update report would be going back to the Regulator at the end of February.

The Board said they were disappointed to hear the Council was still on the Regulator's radar and hoped this would cease to be the case sooner rather than later.

Having considered the report, the Board:

RESOLVED that:

The Pension Fund Committee noted progress against the plan and the most recent correspondence with the Regulator.

11. COMMUNICATION POLICY

The Pension Manager introduced the report. He explained that the policy set out the proposed updates that were to be delivered during 2020. The main updates included:

- Annual Benefit statements will be reviewed and updated to ensure relevant content is included and written in a 'user-friendly' style.
- Production of a newsletter.
- Review of customer satisfaction survey.

- Development of a new Council Pension Scheme website.
- Commence employer forums to ensure that proper processes are followed and provide proper updates on current pensions issues and policy changes.

The Board asked if it would be possible for them to have sight of the newsletter and for the expression of wish forms to be included in them. The Board also asked that part of the communications strategy should include the reporting of any serious incidences. The Pension Manager agreed that a draft version could be circulated to the Board before being issued.

The Board asked how the pension scheme website would be tested before launch to ensure it is user friendly. The Pension Manger said the website would be tested on a small selection of members and finance colleagues for input. He also stated that work would be done in collaboration with IT to ensure adequate levels of security.

Having considered the report, the Board:

RESOLVED that:

The Local Pension Board noted the updated Communications Policy for 2020 and the plans for developing and improving the communication for both employers and scheme members.

12. SCHEME RISK REGISTER

The Pension Manager introduced the report. In relation to Appendix A of the report the officer informed the board that the risk scores were subjective in terms of being reviewed by officers. It was noted that the risks had increased, which were mainly a consequence of issues being identified during the actuary valuation, whereby the records of members had been incorrect. He explained that discussions were ongoing to correct on Capita records and there was still work to be done to get the data up to the correct level expected.

The Pension Manager also explained that the updated risk register for 2020 had highlighted risks that had potentially increased, however mitigations had been put in place to manage these.

The Board asked for reassurances that going forward much higher numbers of benefit statements would be going out on time. Officers confirmed that this was the aim and that it was critical that they received timely and accurate information from employers. Capita confirmed they had notified all employers that the year-end information will shortly be coming and this reminder should mitigate some of the previous issues.

The Chairman asked that it be minuted that the Board advised the Pension Fund Committee to pay close attention to the chain of events that had led to employers not providing accurate information, when required and that financial penalties could be incurred.

Having considered the report, the Board:

RESOLVED that:

The Board noted the most recent risk register.

13. LOCAL PENSION BOARD WORK PROGRAMME

The Board asked the governance officer to confirm the definition of key/non-key items in the table.

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

None.

The meeting finished at 19.46pm

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	<p>Local Pension Board</p> <p>25 June 2020</p>
Title	Internal Audit Report – Pensions Follow up Review
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 Pensions 0208 359 7126 george.bruce@barnet.gov.uk

Summary

Barnet's Internal Audit have undertaken a follow up review of controls within the Pension Fund focusing on the financial aspects. Their draft report is attached, with two remaining recommendation not fully resolved.

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 Barnet Internal Audit have undertaken a follow up review looking mainly at the controls concerning the monitoring of contributions. The summary finding is that "We identified that one of the 14 agreed actions reviewed had not been implemented and one of the 14 actions were partially implemented. The remaining actions were either fully implemented or superseded and closed."
- 1.3 The action not implemented relates to six monthly reporting of contributions received and benefits paid to the Pension Fund Committee. It was agreed to expand the reporting of expenses to include contributions and benefits. This information is seen at a high level as part of the annual accounts and it is intended that a more detailed analysis will be presented to the Pension Fund Committee in July and six monthly thereafter.
- 1.4 The partially completed action relates to the outstanding work on admission agreements, cessations and bond renewals. Post the completion of the triennial valuation this work is being given priority and there are currently six admission agreements, three opening positions for academies and 9 cessations outstanding. In addition, we will be reviewing the required bond values for all 20 admitted bodies based on their updated funding position following the triennial valuation. A quarterly report on admissions, cessations and bonds is made to the Pension Fund Committee. The Actuary is targeting producing three sets of calculations each week.
- 1.5 The recommendations either superseded or fully implemented covered:
 - Contribution collection and reporting,
 - The invoicing and collection of strain costs,
 - Information displayed on the pension fund web page, and
 - Interface between payroll and administration systems and the creation of duplicate membership records.
- 1.6 It is intended that the remaining actions will be fully implemented by end July 2020.

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 Confirmation on completion of the two outstanding recommendations will be made to the next Board meeting.

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 of good control and areas of weakness which need to be addressed. 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 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 See Internal Audit Report, agenda item 9, Local Pension Board 4 September 2019.

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=753&MId=9912&Ver=4>

Internal Audit Report

Pensions follow-up review

May 2020

To: Anisa Darr – Director of Finance
Mark Fox – Pensions Manager
George Bruce – Head of Finance - Pensions
Keith Barker - Head of Scheme Finance & Payroll, Capita
Scott Harriott – Head of Public Sector Pensions, Capita

Copied to: Paul Clarke – Deputy Director of Finance
Mike Green – Public Sector Account Director, Capita
Mark Richardson – Service Delivery Manager, CSG
Iain Gray – Client Services Director, CSG
Tracey Moore – Operations Director, CSG

From: Caroline Glitre, Head of Internal Audit

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

1. Executive Summary

Overall implementation level	Action status			
Partially implemented	Superseded or closed	Not implemented	Partially implemented	Fully implemented
	7/14	1/14	1/14	5/14
Scope				
<p>This follow-up review was undertaken as part of the 2019/20 Internal Audit and Anti-Fraud Strategy, which has been approved by the Council's Audit Committee. An internal audit review was undertaken in October 2017 examining the Council's arrangements for administering the Barnet Local Government Pension Fund. This identified a number of improvements to address data quality issues, improve the process for producing annual benefit statements and improve the scheme's governance.</p> <p>The audit identified two high risk, six medium risk and one low risk findings which required a total of 31 agreed actions to be taken forward. Follow up reviews were completed in April 2018 and March 2019 and after the completion of these reviews, six actions had not been fully implemented. Three of these were followed up and closed prior to this review commencing. The remaining three actions were followed up during this review.</p> <p>A second internal audit review was undertaken in July 2019 examining the Council's arrangements for managing the scheme's finances and investments. This audit identified two high risk, one medium risk and one low risk finding, which required a total of 11 agreed actions to be taken forward. All these actions were followed up during this review.</p>				
Summary of findings				
<p>We identified that one of the 14 agreed actions reviewed had not been implemented and one of the 14 actions were partially implemented. The remaining actions were either fully implemented or superseded and closed.</p> <p>Of the six actions relating to high risk findings, one was fully implemented, one was partially implemented and four were superseded and closed.</p> <p>5/14 (36%) of agreed actions have been fully implemented:</p> <ul style="list-style-type: none"> • Late or underpayment of contributions is reported to each Local Pension Board meeting. See action 1c of the Pensions Finance and Investments review. • Strain contributions invoices are sent to addresses agreed with employers and the employer is notified by the Pensions Administration team of the amount due per their final calculation. See action 3a of the Pensions Finance and Investments review. • The Council and CSG have agreed how often CSG will pursue debts and at what stage the Council will be informed. See action 3b of the Pensions Finance and Investments review. • Reporting is produced monthly reporting on the collection of strain contributions and the ageing of strain contribution debts. This reporting is presented to each meeting of the Local Pension Board. See actions 3d and 3e of the Pensions Finance and Investments review. 				

1/14 (7%) of agreed actions were not implemented. This related to a low priority action.

- The Pension Fund Committee did not receive reporting on contributions received and benefits paid alongside reporting of costs incurred by the scheme in the first six months of 2019/20. **See action 4a of the Pensions Finance and Investments review.**

1/14 (7%) of agreed actions were partially implemented. This related to a high priority action.

- Per a report presented to the 13 February 2020 Pension Fund Committee, the Council has not finalised admission agreements, cessation agreements or bond renewals for over 50% of the agreements outstanding at 30 May 2019. This was due to the scheme triennial valuation being a focus of Council officers and the Council's advisers. **See action 2a of the Pensions Finance and Investments review.**

7/14 (50%) of agreed actions were superseded or closed. Four of these were high priority actions and the remaining actions were medium priority.

The following high priority actions were superseded and closed:

- The Pension Regulator has indicated to the Council that it is satisfied with actions taken to monitor contributions and their receipt. **See actions 1a and 1b of the Pensions Finance and Investments review and action 1d of the Pensions Administration review.**
- The arrangements between the Council and its advisors in relation to admission agreements, cessation agreements and bond renewals are considered sufficient by the Director of Finance. **See action 2b of the Pensions Finance and Investments review.**

The following medium priority action was superseded and closed:

- The Council's has agreed to change provider of pensions administration services to West Yorkshire Pension Fund. They will implement their own processes and controls over new members, including controls to ensure duplicate member records are not created. **See action 6b of the Pensions Administration review.**

The medium priority actions were closed:

- Sufficient updates have been made to the Council's website to ensure key documents are available for all scheme members. Further enhancements are included in the scheme's communication strategy. **See action 5c of the Pensions Administration review.**
- A process is now in place for pursuing strain contributions due to the Council and escalating significantly overdue amounts to the Council for further action. **See action 3c of the Pensions Finance and Investments review.**

See the table below for the detailed findings.

2. Findings and Action Plan

No.	Action agreed	Audit procedure	Outcome	Status	Further action required
Pension Fund Finance and Investment					
Finding 1 – Monitoring receipt of contributions (High Risk)					
1a	CSG Pensions Finance will implement the new process for collecting data from employers on the amounts paid over to the Fund to enable them to check if contributions are deducted at the correct rate and all contributions due under the Rates and Adjustments Certificate, including additional lump sum contributions, are collected.	For a sample of five employers, test whether the employer provided data in line with the requirements of the new process.	<p>We inspected the returns provided to CSG Pensions Finance for the following employers for July 2019:</p> <ul style="list-style-type: none"> • Barnet & Southgate College • BEAT (Barnet Education Arts Trust) • Oakleigh School • London Borough of Barnet • Barnet Homes. <p>These were all provided in the new format.</p> <p>This was one of a number of measures agreed with The Pensions Regulator in response to The Pensions Regulator’s improvement notice. A letter from The Pensions Regulator dated 29th August and associated correspondence demonstrates that sufficient action has been taken in relation to the monitoring of contributions.</p> <p>Therefore, it has been agreed that this action has been superseded and closed.</p>	Superseded	Not applicable

No.	Action agreed	Audit procedure	Outcome	Status	Further action required
1b	CSG will provide monthly reports to the Council on the collection of contributions, which will include reporting on whether contributions were received on time, at the correct rate and details of any significant issues noted when reviewing contributions received, such as failure to provide starter and leavers forms for member changes or unexplained movement in contributions received.	Obtain the report provided to the Council for contributions received in July 2019 and check that it includes reporting on whether contributions were received on time, at the correct rate and details of any significant issues noted when reviewing contributions received, such as failure to provide starter and leavers forms for member changes or unexplained movement in contributions received.	<p>We obtained the LBB Contributions Report, Finance Dashboard and supporting narrative for September 2019. This was shared with the Council on 9 October 2019.</p> <p>This included the following measures:</p> <ul style="list-style-type: none"> - Late payment of contributions - Failure to receive appropriate contribution forms. <p>This also included a report on the checks undertaken to ensure that employers were paying contributions at the correct amount with exceptions being followed up.</p> <p>In addition, the report included a list of employers where unexpected variances between prior month and current month contributions had been identified and reported. The report also identified employers where sufficient explanations had not been received to ensure that the Council was aware of this.</p> <p>This was one of a number of measures agreed with The Pensions Regulator in response to The Pensions Regulator's improvement notice. A letter from The Pensions Regulator dated 29th August and associated correspondence demonstrates that sufficient action has been taken in relation to the monitoring of contributions.</p> <p>Therefore, it has been agreed that this action has been superseded and closed.</p>	Superseded	Not applicable

No.	Action agreed	Audit procedure	Outcome	Status	Further action required
1c	Late or underpayment of contributions will be reported to each meeting of the Pension Fund Committee and Local Pension Board.	Obtain the reports provided to the Pension Fund Committee and Local Pension Board in September 2019 and check that late or underpaid contributions have been reported.	<p>This was included in the Performance Report presented to the 4 September 2019 meeting of the Local Pension Board.</p> <p>It has been agreed that, where required, this report will be escalated to the Pension Fund Committee.</p> <p>Therefore, this action is considered to be fully implemented.</p>	Fully implemented	N/A – action fully implemented.
Finding 2 - Admission agreements, bonds and cessation agreements (High Risk)					
2a	We will promptly complete admission agreements, cessation agreements and renewals of admission bonds for all employers identified in the report to the Pension Fund Committee on 30 May 2019 to minimise risk to the Fund.	Obtain, for each employer identified in the report to the Pension Fund Committee on 30 May 2019, the relevant agreement to confirm the agreement has been completed.	<p>We reviewed the reporting to the Pension Fund Committee on 13 February 2020.</p> <p>This reported:</p> <ul style="list-style-type: none"> - 8/13 admission agreements outstanding at 30 May 2019 had not been completed; - 3/5 cessation agreements outstanding at 30 May 2019 had not been completed; and - 6/10 bond renewal agreements outstanding at 30 May 2019 had not been completed. <p>We understand that there have been delays in finalisation of these agreements as a result of the CSG Pensions Administration team and scheme actuary focusing on the triennial valuation at 31 March 2019. This means that the above agreements will be based on up to date membership information.</p> <p>Therefore, this action is considered to be partially implemented.</p>	Partially implemented	<p>The Council will need to work with the scheme's administrators, actuary, its legal advisors and related employers to ensure agreements are finalised.</p> <p>Original implementation date: 30 September 2019</p> <p>Revised implementation date: 30 September 2020 (deferred from previously agreed revised date of 30 April 2020)</p> <p>Responsible officer: Mark Fox, Pensions Manager</p>

No.	Action agreed	Audit procedure	Outcome	Status	Further action required
2b	We will agree Service Level Agreements (SLAs) with CSG, our actuary and legal team to establish potential timelines for future admission agreements, cessation agreements and the renewal of admission bonds.	Obtain the agreement between the Council, CSG, the Council's actuary and the Council's legal team and confirm this includes timelines for the completion of future admission agreements, cessation agreements and the renewal of admission bonds.	<p>Since the completion of the audit, the relationship between the Council and other parties involved with admission agreements, cessation agreements and the renewal of admission bonds has been reviewed by the Director of Finance.</p> <p>This identified that these relationships, whilst not formalised by a service level agreement, were sufficiently well understood. As such, it was determined that service level agreements are not required.</p> <p>Therefore, it has been agreed that this action has been superseded and closed.</p>	Superseded	Not applicable
Finding 3 - Collection of strain contributions (Medium Risk)					
3a	The CSG Pensions Administration team will agree where and to whom invoices relating to strain costs will be sent as part of the retirement process and notify the employer of the final calculated strain cost once the retirement has been agreed.	For one recent retirement where strain costs were due, confirm that the Pensions Administration team agreed where the invoice for strain costs were to be sent to and the employer was notified of the final calculated strain cost.	<p>This process was implemented from October 2019. We examined the process followed for one retirement since October 2019. We agreed that the invoice was sent to the address agreed with the employer and the final strain cost was communicated to the employer.</p> <p>Therefore, this action is considered to be fully implemented.</p>	Fully implemented	N/A – action fully implemented.

No.	Action agreed	Audit procedure	Outcome	Status	Further action required
3b	The Council will agree when and how often CSG will pursue outstanding amounts and at what stage the Council will be informed and take action against the employer.	Obtain the agreement between CSG and the Council on how outstanding strain contributions amounts will be pursued and reporting to the Council on outstanding debt.	<p>We obtained email correspondence between Mark Fox, Pensions Manager, and CSG Pensions Finance which agreed the process for pursuing debts. This was finalised on 18 December 2019.</p> <p>Therefore, this action is considered to be fully implemented.</p>	Fully implemented	N/A – action fully implemented.
3c	CSG Pensions Finance will implement the process agreed with the Council for collecting strain contributions.	For one strain cost invoice issued, or outstanding after June 2019, confirm that the process agreed for collecting strain contributions was followed.	<p>Agreement was reached with the Council in December 2019 regarding the collection of debts. Prior to this agreement, all debt outstanding was chased in December 2019 to ensure employers were aware of the debts outstanding.</p> <p>We selected one invoice issued in January 2020 and noted that this was chased in line with protocol prior to payment in March 2020.</p> <p>We were also provided with evidence to show that the full process, including referral to the Council by CSG Pensions Finance, was in place.</p> <p>Therefore, this action is considered to be closed as a process for collecting strain contributions is now in place.</p>	Closed	Not applicable

No.	Action agreed	Audit procedure	Outcome	Status	Further action required
3d	CSG will provide monthly reports to the Council on the collection of strain contributions including an analysis of ageing of outstanding debt and current status of aged debts.	Obtain the report provided to the Council for contributions received in July 2019 and check that it includes reporting on the collection of strain contributions including an analysis of ageing of outstanding debt and current status of aged debts.	We obtained the Finance Dashboard and supporting executive summary for December 2019. This included reporting of the volume and value of outstanding strain invoices outstanding for both the current and prior month, allowing the Council to understand the ageing of debts. The executive summary also summarised the ageing of the debt and the steps being taken to reduce the amount outstanding. Therefore, this action is considered to be fully implemented.	Fully implemented	N/A – action fully implemented.
3e	An age analysis of strain cost debtors will be included in quarterly reports to the Pension Fund Committee.	An update as to progress on this action will be sought as part of this review.	The Finance Dashboard and supporting executive summary for December 2019, discussed in relation to action 3d, above, was presented to the Local Pension Board on 10 February 2020. It has been agreed that, where required, this report will be escalated to the Pension Fund Committee. Therefore, this action is considered to be fully implemented.	Fully implemented	N/A – action fully implemented.
Finding 4 - Budgets and management information (Low Risk)					
4a	Six monthly reporting of fund costs to the Pension Fund Committee will be expanded to include reporting on contributions received and, benefits paid.	Obtain the most recent six monthly reporting of fund costs and inspect whether it includes reporting on contributions received and benefits paid.	These items were not included in the report of fund costs for the six months to 30 September 2019 that was presented to the 21 November 2019 Pension Fund Committee. Therefore, it this action is considered to be not implemented.	Not implemented	The next reporting of costs to the Pension Fund Committee will include contributions received and, benefits paid. Original implementation date: 30 September 2019 Revised implementation date: 30 September 2020 Responsible officer: George Bruce, Head of Finance - Pensions
Pensions Administration					

No.	Action agreed	Audit procedure	Outcome	Status	Further action required
Finding 1 – Scheme data quality (High Risk)					
1d	<p>CSG will undertake analytical reviews over contributions received and reported to ensure movements reported are reasonable.</p> <p>Once implemented, CSG and the Council will then consider if any further assurance is required over the accuracy of contributions received, considering whether sufficient assurance is provided by reviews undertaken by internal audit and external audit both at the Council and employers.</p>	<p>Inspect analytical reviews performed over contributions received and reconciliations between the amounts reported by employers and the general ledger to ensure that these have been implemented.</p> <p>Inspect decision made regarding further assurances required over pension contributions received.</p>	<p>An analytical review is undertaken each month on contributions received. At the time of fieldwork, variances above 10% month on month were being investigated. In addition, a running reconciliation was being undertaken between this spreadsheet and the amount recorded per the scheme ledger.</p> <p>It has been proposed that the threshold for investigation is reduced in the near future.</p> <p>This was one of a number of measures agreed with The Pensions Regulator in response to The Pensions Regulator's improvement notice. A letter from The Pensions Regulator dated 29th August and associated correspondence demonstrates that sufficient action has been taken in relation to the monitoring of contributions.</p> <p>Therefore, it has been agreed that this action has been superseded and closed.</p>	Superseded	Not applicable

No.	Action agreed	Audit procedure	Outcome	Status	Further action required
Finding 5 - Communication Strategy (Medium Risk)					
5c	The Council will determine how information regarding the Council's pension scheme is presented on its website and the content subsequently updated.	Inspect documents showing that the Council has agreed how information regarding the pension scheme is presented on the Council's website and that the content has been subsequently updated.	<p>The webpages relating to the pension scheme have been updated and now include a number of pieces of information which are helpful to employers and members.</p> <p>A new scheme communication strategy was presented to the Local Pension Board on 10 February 2020 and this included a commitment to further improve information provided to members. It is intended that this will be implemented once pension administration is provided by West Yorkshire Pension Fund.</p> <p>Given the significant increase in information on the Council's website and the inclusion of further enhancements in the scheme communication strategy, it has been agreed that the initial risk identified has been addressed and thus this action has been closed.</p>	Closed	Not applicable
Finding 6 - New members and impact on data quality (Medium Risk)					
6b	We will review records created by the interface between the payroll system and Hartlink to ensure that duplicate entries are resolved before Annual Benefit Statements are issued.	Inspect the exercise undertaken to identify duplicate records generated by the interface between the payroll system and Hartlink. Where duplicates have been identified, we will ensure these have been followed up and appropriate actions taken.	<p>CSG Pensions Administration planned to test all interface files in a test environment before being uploaded to Hartlink. It was reported that interface files could not be tested as intended owing to the data held in the test environment being out of date.</p> <p>As such, a manual exercise had been undertaken to load interface files and remove duplicates created.</p> <p>The Council have decided to change provider of pensions administration services, with changes being implemented during 2020/21. The new provider will implement their own systems and processes for maintaining member records. This will include their own controls to respond to the creation of duplicate records, if the method used to update the database of members creates duplicate records. Therefore, this action has been superseded and closed.</p>	Superseded	Not applicable

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Local Pension Board AGENDA ITEM 8

25 June 2020



Title	Valuation and Funding Update
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix 1 – Investment Values 2015 to 2020.
Officer Contact Details	George Bruce, Head of Pensions 0208 359 7126 george.bruce@barnet.gov.uk

Summary

The paper considers the impact of the Quarter 1, 2020 decline of stock markets on the valuation of the pension fund assets and also the conclusion to the 2019 triennial valuation with reference to the setting of contribution rates for employers.

Officers Recommendations

1. That the Local Pension Board note the update on the valuation and funding position of the pension fund.

1. WHY THIS REPORT IS NEEDED

- 1.1 The Local Pension Board has requested an update on the funding position of the pension fund following the decline in stock markets linked to the outbreak of Covid-19.

- 1.2 The pension fund valuation peaked at 31 December 2019 at £1,241 million. During Q1, 2020 the valuation declined to £1,077 million (13% reduction) but subsequently has recovered to £1,176 million (5% reduction from peak) based on 31 May values for most mandates. It's difficult to judge the factors driving the market's new found optimism but the easing of lockdown restrictions globally and the surprising rise in US employment levels have all been seen as positives. As yet the impact of lockdown on corporates is not entirely clear and there is scope for some of the recent gains to be temporary even though markets have continued to gain in early June.
- 1.3 The graph on appendix A indicates the rise of the fund's investment values over the last five years. Importantly, valuations have now returned to the level at which the 2019 triennial valuation was undertaken.
- 1.4 The Board expressed a desire to be informed of discussions between the investment advisor (Hymans Robertson), the Chairman of the Pension Fund Committee and officers concerning possible actions to mitigate / take advantage of the movements in financial markets.
- 1.5 To date these discussions have concluded that markets are too volatile to take action. The final instalment of the switch from Diversified Growth Funds to Emerging Market Equities (£20 million) due May 2020 was postponed in case emerging markets recorded further declines. The 5% allocation to UK commercial property remains on hold until the implications of 'the new norm' on demand for retail and office buildings is assessed. Hymans have identified opportunities in some sectors of the debt market and we are expecting recommendations to arise at the July Committee meeting. In general, the Hymans view has been to hold positions until pricing volatility is reduced.

Funding Strategy

- 1.6 The triennial valuation as at 31 March 2019 was completed in Q1, 2020 and a copy distributed to Board members, all employers and is now available from the Council web site. The purpose of the triennial valuation is to determine the future contributions due from each employer to cover the current and future promised benefits. As a bi-product, the valuation also generated a point in time funding level that tends to be the main focus.
- 1.7 The Funding Strategy Statement was tabled at the February meeting of the Local Pension Board. This document sets out the agreed approach to determining the funding level and future contribution rates. While the funding level uses a single set of economic assumptions, employers' contributions are based on modelling a range of future economic scenarios and selecting contribution rates that will ensure full timing in a designed percentage of these scenarios.

1.8 Taking the funding level first, the Actuary has determined that the assets held at 31 March 2019 equalled 86% of the promised benefits, an improvement from 73% at the previous valuation. The deficit as at 31 March 2019 had declined to £190 million from £339 million.

Valuation Date	31 March 2016	31 March 2019
Past Service Liabilities	(£m)	(£m)
Employees	371	372
Deferred Pensioners	282	326
Pensioners	603	644
Total Liabilities	1,256	1,342
Assets	916	1,152
Surplus / (Deficit)	(339)	(190)
Funding Level	73%	86%

1.9 The most influential factor driving the improvement in funding position over the three years was investment returns exceeding projections. Other factors were changes in life expectancy and the discount rate. The improvement in data quality also enabled less prudence where estimation was required. While the improvement in funding level is welcome, it is less significant to employers' than the contribution rates they pay.

1.10 The actuary was asked to determine employers' contribution rates on a 17-year deficit recovery period (20 years in 2016) and using a 70% probability of full funding (66% in 2016). The higher probability target is in line with actuarial guidance to reflect the unknown additional liabilities arising from the McCloud judgment. The shorter deficit recovery period reflected a desire to progressively reduce the remaining deficit, provided that the derived contribution rates are deemed affordable to employers. The valuation does not impact on staff contribution rates, which are determined by regulations.

1.11 The Actuary calculates an average contribution rate together with individual rates for each employer made up of a primary rate for future service and a secondary rate to recover any deficit. On average the primary (future service rate) increased from 17.9% to 20.6% due to lower projected investment returns and additions benefits e.g. McCloud.

1.12 However, the good news is that deficit contributions are dropping. The aggregate deficit contributions in 2020-21 is £11.1 million compared with £16.0 million in 2019-20.

1.13 The picture for employers is mixed. The Council's contribution rate will increase by 1% in 2021-22 to 28.9%, while academies will remain unchanged at 23.8%. For other bodies there is a mixture of reductions and increases based on individual circumstances. All the employers rates are set out in the published valuation report.

1.14 The Council has circulated the new schedule of rates to all employers and is checking that these have been used to pay over the April contributions.

- 1.15 The use of a 70% probability of achieving full funding in combination with a 17-year deficit recovery period is one that has a reasonable likelihood of restoring full funding in an acceptable timescale. However, as we have seen investment markets are volatile and a long-term approach needs to be taken to funding to ensure that rates remain affordable to employers.
- 1.16 The Actuarial contract with Hymans Robertson expires at 31 December 2020. Delegated authority is in place to the Director of Finance to undertake a tender using National Frameworks. Invitations to tender will be sent out at the end of July.

2. REASONS FOR RECOMMENDATIONS

- 2.1 No action is required as a consequence of the update.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None - statutory function

4. POST DECISION IMPLEMENTATION

- 4.1 Employers have been notified of the new rates and monitoring is in place to ensure that the new rates are being applied.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 Employers paid £52 million of contributions into the pension scheme in 2019-20. Changes in contribution rates can have a significant cashflow implication for employers and will impact on the Council's ability to spend in other areas.

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

- 5.2.1 There are no immediate financial implications from the report. However, higher deficits (particularly if sustained) may translate into higher contributions from the Council and other employers at subsequent valuations.

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". The actuarial process is central to ensuring that the pension fund has sufficient assets to pay pensioners.

5.4.2 The Local Government Pension Scheme Regulations 2013 (regulation 62) requires the Council to obtain an actuarial valuation of the assets and liabilities of each of its pension funds as at 31 March 2016 and as at 31 March in every third year afterwards. Regulation 58 requires the administering authority to prepare a funding strategy statement.

5.5 Risk Management

5.5.1 The accuracy of the valuation relies on the accuracy of the data provided to the actuaries. Any errors in the provision of the data could have a significant impact on the required contribution rates, particularly for the smaller scheduled and admitted bodies.

5.5.2 The value of the Pension Fund assets at any point in time is determined by the market and a large movement in the markets could have a significant impact on the surplus or deficit of the 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 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 The report provides insight into the future direction of employers' contribution rates.

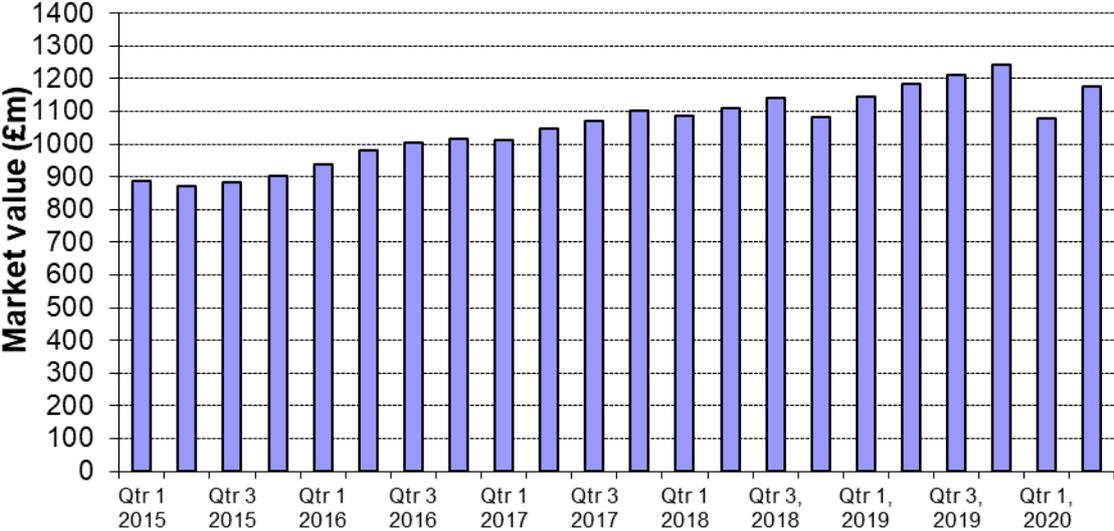
6. BACKGROUND PAPERS

6.1 The 2019 triennial valuation report. See:

<https://www.barnet.gov.uk/your-council/finance-funding-and-pensions/local-government-pension-scheme>

Investment Values 2015 to 2020

Market value of Pension Fund



	<h2>Local Pension Board</h2> <h3>25 June 2020</h3>
Title	Decisions made by the Pension Fund Committee
Report of	Director of Finance
Wards	n/a
Status	Public
Urgent	No
Key	No
Enclosures	None
Officer Contact Details	George Bruce, Head of Treasury, george.bruce@barnet.gov.uk - 0208 359 7126

Summary

Part of the role of the Local Pension Board is to ensure the effective governance of the Pension Fund. This role is not clearly defined but is deemed to include considering whether the decision-making processes of the Pension Fund Committee are reasonable or appropriate i.e. soundly based, consider relevant information, are consistent with the objectives and policies of the Fund and are taken after considering appropriate advice. The paper considers recent decisions by the Pension Fund Committee and summarises the rationale, the processes followed and the link with policy documents and regulations.

Officer Recommendations

That the Local Pension Board notes the procedures applied by the Pension Fund Committee when reaching decisions at recent meetings and considers any issues associated with those procedures and decisions. The outcome of these discussions is to be reported back to the Pension Fund Committee.

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 and in ensuring the effective and efficient governance and administration of the LGPS for the LBB Pension Fund.
- 1.2 Part of the Board's role is to review the decision-making processes and ensure that these are soundly based, meet regulatory requirements and consider advice received as appropriate. While it is not appropriate for the Board to seek to replace its own judgments for those of the Pension Fund Committee, it is appropriate to review whether decisions have followed an appropriate process.
- 1.3 Since the last Local Pension Board meeting there has been one meeting of the Pension Fund Committee. The paper will highlight decisions made at these meetings.

Meeting 13 February 2020

- 1.4 The meeting was attended by the Scheme Actuary and Investment Advisor, the Director of Finance and officers from Governance and Finance.
- 1.5 Each of the agenda items for which a paper was presented is discussed below.

2019 Local Pension Board Update

- 1.6 The Board reviewed the work undertaken by the Local Pension Board, its remit and future work plan. The LPB budget for the next 12 months was approved. The Committee thanked that Board members for their insights on the administration of the pension fund.

Admitted Body and Bond Status Update

- 1.7 The Committee was updated on progress to complete outstanding admission agreement, cessations and bonds. Although some progress had been made there was still a long-standing backlog of issues. The Committee noted the report and asked that progress be made before the next meeting.

Investment Strategy

- 1.8 The Committee noted progress on implementing the 2018 investment strategy recommendation to switch the 20% allocation in diversified growth funds into property, emerging market equities and private equity. With the exception of the 5% allocated to UK core commercial property, managers had been appointed and funding commenced. The delay in UK property was deliberate as pricing was seen as not reflective of market conditions.
- 1.9 Despite the new commitments to property, private and emerging equity, approximately 15% of the fund remained invested with diversified growth funds. The investment advisor had been asked to look out for opportunities to acquire assets consistent with the current strategy that will enable a quicker exit from DGF's. It was noted that the LCIV had recently announced that it intends to launch two new funds; 100% renewables fund and a

London Fund that may be of interest to the Committee. The Committee were content at the pace of implementation of the strategy.

- 1.10 It was agreed by the Committee that no significant strategy reviews would be undertaken until the conclusion of the independent advisor contract review tender.

Quarterly Investment Performance Update

- 1.11 Hymans Robertson summarised investment transactions and performance in the quarter. No issues with appointed managers were highlighted.

Risk Management Review

- 1.12 The Committee reviewed the combined scheme risk register and discussed both highly rated and new risks. The highly rated risks are:

Investment returns are insufficient to meet the funding objectives – rated medium / high

Impact of contribution increases after each triennial valuation on employers – rated medium / high.

Members data incomplete or inaccurate – rated Medium / High

Administration Process Failures – rated High

Admission Agreements and Bonds not in place – rated Medium / High

The newly added risks were:

Inadequate management of ESG Risk results in poor investment returns & reputational issues – rated medium

Inadequate Governance Resource – Rated Low

Change of Administrator – rated High

- 1.13 The Committee discussed the processes in place to manage these risks and noted the report.

Training Policy and Knowledge, Understanding and Skills

- 1.14 The Committee discussed the training opportunities provided in the last twelve months and agreed to individually complete training needs assessment from which future training plans would be developed.

2019 Triennial Valuation Update and Funding Strategy Statement

1.15 The Scheme Actuary discussed the preliminary triennial valuation findings and the process to be used to derive contribution rates for each employer. Various discount rates were discussed together with the impact of changes in the probability of full funding on the disclosed funding level. The Committee approved the approach being taken by the Actuary to reduce deficit recovery periods, increasing the required probability of achieving full funding and the assumptions being used. The Funding Strategy Statement was approved.

1.16 Committee Work Programme

1.17 The Committee noted the proposed 12-month work programme

1.18 Any Other Urgent Business

1.19 The Chairman reported that a recommendation to move administration of the scheme to West Yorkshire Pension Fund would be discussed by the Policy and Resources Committee.

2. REASONS FOR RECOMMENDATIONS

2.1 The Local Pension Board may wish to review Pension Fund Committee decision making procedures as part of its role in assisting the administering authority on ensuring good governance.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 N/A. The paper does not propose particular options.

4. POST DECISION IMPLEMENTATION

4.1 Recommendations from the Board will be communicated to the next Pension Fund Committee meeting.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 Good management of the Pension Fund will minimise the cost of providing benefits thus enabling funds to be directed to Council priorities as set out in the Council's Corporate Plan for 2019-2024.

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

5.2.1 None in the context of this report.

5.3 Social Value

5.3.1 There are no specific social value issues arising out of this report, however membership of the Pension Fund ensures the long-term financial health of contributing employees on retirement.

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 Public Service Pensions Act 2013 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.

5.4.2 This paper considers the governance arrangement of the LGPS pension scheme that form part of the remit of the Local Pension Board.

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.

5.5.2 Good governance is essential to ensuring that risks are identified and managed.

5.6 **Equalities and Diversity**

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

5.6.2 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.

5.6.2 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 and monitoring of the Pension Fund's managers will benefit everyone who contributes to the fund.

5.7 **Corporate Parenting**

5.7.1 N/A

5.8 **Consultation and Engagement**

5.8.1 The paper is part of the process of co-ordinating the activities of the Pension Fund Committee and Local Pension Board.

5.9 **Insight**

5.9.1 N/A.

6. **BACKGROUND PAPERS**

6.1 Papers and minutes of the Pension Fund Committee Meeting held on 13th February 2020.

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=191&MId=9921&Ver=4>

	<p>Local Pension Board</p> <p>25 June 2020</p>
Title	External Auditor’s Planning Report for the year 2019/20
Report of	Director of Finance
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – External Auditor’s Plan
Officer Contact Details	George Bruce, Head of Pensions, 0208 359 7126 george.bruce@barnet.gov.uk

Summary

BDO are the Pension Fund’s appointed external auditors for the 2019/20 financial year. In line with International Standard on Auditing 260 (ISA 260) the Pension Fund’s external auditors, BDO, should be provided with access to those charged with governance.

Officers Recommendations

That the Local Pension Board note the audit strategy for the 2019/20 Report and Accounts and identify matters that the Board wish to bring to the attention of the Auditor.

1. WHY THIS REPORT IS NEEDED

1.1 Under Section 151 of the Local Government Act 1972 - "...every local authority shall make arrangements for the proper administration of their financial affairs...". Additionally, in accordance with International Standard on Auditing (ISA) 260, the external auditor is required to issue detailed reports on matters arising from the audit of the council's accounts and pension fund accounts. There are also specific legal requirements in relation to the accounts and the annual report as set out in section 5.4 below.

1.2 The audit plan contained at appendix A highlights the key elements of the external auditor's proposed audit strategy for the benefit of those charged with governance. The purpose of this report is to highlight and explain the key issues which the Auditor believes to be relevant to the audit of the annual accounts of the pension fund for the year ended 31 March 2020.

1.1 The report includes the following sections:

Materiality	page 4, 27, 28
Audit risks - overview	page 6
Detailed risk review	Pages 10 to 18
Fees	page 7
Auditors responsibility	Page 24
Audit quality	Page 29

1.2 The risk discussed are mostly generic, however there is mention of issues that are specific to Barnet e.g. contribution recording (p13), membership disclosure (p17), invoicing of strain costs (p18) and Barnet Southgate College (p18).

1.3 There are no significant changes in the audit approach from last year.

1.4 The timetable for the production and publication of the audited accounts has been relaxed for these accounts due to Covid-19 restrictions. The due date for publication of the draft accounts has moved from 31 May 2020 to 31 August 2020 and the date for publication of the audited accounts has moved from 31 July 2020 to 31 October 2020. BDO were provided with a first draft of the pension fund accounts on 5 June 2020 and the audit is due to commence during July.

1.5 The Auditor has included a page in the report (p29) that compares the quality of their audits as determined by the Financial Reporting Council with other large auditors. The results are impressive with the highest percentage (88%) of audits tested rated "good or limited improvements required" and none rated "significant improvement required".

2. REASONS FOR RECOMMENDATIONS

2.1 It is appropriate for the Board to review the auditor's work programme and have the opportunity to influence the testing undertaken by the auditor.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 None – statutory function.

4. POST DECISION IMPLEMENTATION

4.1 None. The external auditor will report to the next meeting of the Local Pension Board to present their audit findings.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 A positive external audit opinion on the Pension Fund's Annual Report and Accounts plays an essential and key role in providing assurance that the Pension Fund's financial risks are managed in an environment of sound stewardship and control. This is in line with the aims set out in the Council's Corporate Plan, to ensure that services are delivered efficiently to get value for money for the taxpayer.

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

5.2.1 This report sets out the framework for the assessment of the Pension Fund's financial reporting and management as well as value for money.

5.2.2 The external audit fees for 2019/20 are £36,170 (£35,978 for 2018/19).

5.2.3 In accordance with International Standard on Auditing (ISA) 260, the external auditor is required to issue detailed reports on matters arising from the audit of the Council's accounts and Pension Fund accounts.

5.2.4 The ISA 260 report must be considered by "those charged with governance" before the external auditor can sign the accounts".

5.2.5 The external auditor, BDO was presented with draft financial statements on 5 June 2020.

5.3 Social Value

5.3.1 Arrangements for proper administration of financial affairs and contributing to the Pension Fund ensures that contributing members have a secured income on retirement.

5.4 Legal and Constitutional References

1.2.1 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 external audit ISA 260 report highlights areas of good control and areas of weakness which need to be addressed. 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 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.

5.6.2 Ensuring the long-term financial health of the Pension Fund will benefit everyone who contributes to it. Access to and participation in the Pension Fund is open to those with and those without protected characteristics, alike, provided that the criteria set out within the relevant Regulations are met

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.

5.9 Insight

5.9.1 Not applicable in the context of this report.

6. BACKGROUND PAPERS

6.1 Auditors report on the 2018-19 Report and Accounts. See Local Pension Board 19th November 2019, agenda item 10.

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=753&MIId=9913&Ver=4>



Report to the Pension Committee

LONDON BOROUGH OF BARNET PENSION FUND

Audit Planning Report: year ending 31 March 2020

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WELCOME

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We have pleasure in presenting our Audit Planning Report to the Pensions Committee of London Borough of Barnet Council (the 'Council'). This report forms a key part of our communication strategy with you, a strategy which is designed to promote effective two way communication throughout the audit process with those charged with governance.

It summarises the planned audit strategy for the year ending 31 March 2020 in respect of our audit of the financial statements; comprising materiality, key audit risks and the planned approach to these, together the BDO team.

The planned audit strategy has been discussed with management to ensure that it incorporates developments in the scheme during the year under review, the results for the year to date and other required scope changes.

We look forward to discussing this plan with you at the Pensions Committee meeting on 20 May 2020 and to receiving your input on the scope and approach.

In the meantime if you would like to discuss any aspects in advance of the meeting please contact one of the team.

Leigh Lloyd-Thomas

3 March 2020



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This report has been prepared solely for the use of the Pension Committee and Those Charged with Governance. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.

SCOPE AND MATERIALITY

Executive summary

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Executive summary

Scope and materiality

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Audit risks overview

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Appendices contents

This summary provides an overview of the key audit matters that we believe are important to the Pensions Committee in reviewing the planned audit strategy for the Pension Fund for the year ending 31 March 2020.

It is also intended to promote effective communication and discussion and to ensure that the audit strategy appropriately incorporates input from those charged with governance.

Audit scope

The scope of the audit is determined by the National Audit Office's Code of Audit Practice that sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. This includes auditing the financial statements and, where appropriate, exercising the auditor's wider reporting powers and duties.

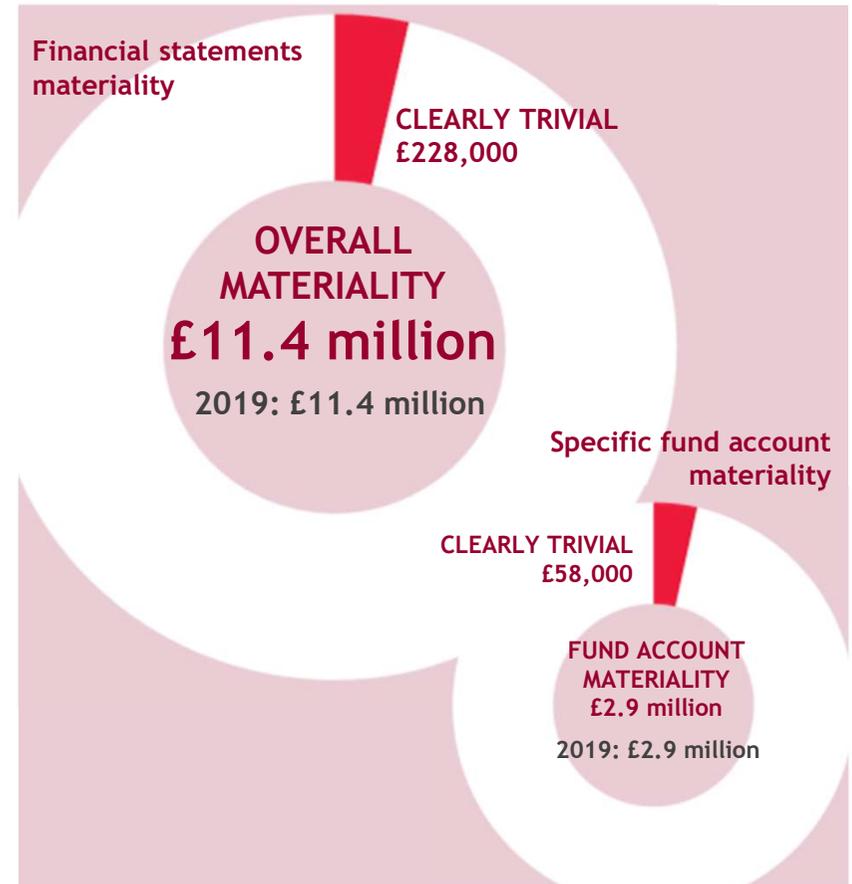
Our approach is designed to ensure we obtain the requisite level of assurance in accordance with applicable laws, appropriate standards and guidance issued by the National Audit Office.

Materiality

Planning materiality for the Pension Fund financial statements will be set at 1% of investment assets (prior year 1%). Specific materiality (at a lower level) may be considered appropriate for certain financial statement areas and we set materiality for the Fund Account at 5% of contributions receivable.

At this stage, these figures are based on the prior year net assets amounts and contributions receivable. This will be revisited when the draft financial statements are received for audit.

Although materiality is the judgement of the engagement lead, the Pension Fund Committee should consider whether the auditor's overall work plan, including planned levels of materiality and proposed resources to execute the audit plan, appears consistent with the scope of the audit engagement.



AUDIT STRATEGY

Executive summary

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Our audit strategy is predicated on a risk based approach, so that audit work is focused on the areas of the financial statements where the risk of material misstatement is assessed to be higher.

We have discussed the changes to the Pension Fund, systems and controls in the year with management and obtained their own view of potential audit risk in order to update our understanding of the Pension Fund's activities and to determine which risks impact on the numbers and disclosures in the financial statements.

We will continue to update this assessment throughout the audit.

The table on the next page summarises our planned approach to audit risks identified.

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Risk identified	Risk rating	Fraud risk present	Testing approach	Impact of significant judgements and estimates
Management override of controls	Significant	Yes	Substantive	Medium
Pension liability valuation	Significant	No	Substantive	High
Contributions receivable	Significant	No	Substantive	Low
Fair value of investments (infrastructure & private equity)	Significant	No	Substantive	High
Valuation of investment assets (other)	Other risk	No	Substantive	Medium
Benefits payable	Other risk	No	Substantive	Low
Membership disclosure	Other risk	No	Substantive	Low
Funding of Barnet and Southgate College deficit	Other risk	No	Substantive	Medium

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Independence

We confirm that the firm complies with the Financial Reporting Council's Ethical Standard for Auditors and, in our professional judgement, is independent and objective within the meaning of those Standards.

Fees

	2019/20	2018/19
	Proposed	Actual
Code audit fee	(1) £21,170	(1) £21,170
Supplementary fee	-	(2) £14,808
Proposed supplementary fee variation	(3) (4) £15,000	
Total audit fees	£36,170	£35,978

- (1) The PSAA scale fee was increased from £16,170 to £21,170 as a result of the request to undertake additional Capita Employee Benefits testing at the Darlington site.
- (2) Additional fees in 2018/19 in response to issues reported in our Audit Completion Report for the year ended 31 March 2019.
- (3) Proposed supplementary fees of £10,000 in response to expectations of auditors to undertake additional work around management judgements and estimates, to obtain additional corroborating evidence for areas of risk, and to follow up issued arising from the previous audit.
- (4) The actuary has undertaken a full triennial valuation of the fund in 2019 and updated membership data will be used in the 31 March 2020 accounting valuation (IAS 19 for employers and IAS 26 for the whole fund) and the following two years. We are required to carry out extra testing each triennial valuation to ensure the membership data is accurate and the data extraction processes between the membership data system and the actuary is complete and accurate. We estimate this will result in additional costs of £5,000 this year.

OVERVIEW

Audit scope and objectives

Key components of our audit objectives and strategy for the Pension Fund are highlighted and explained on the following pages.

Audit planning is a collaborative and continuous process and our audit strategy, as reflected here, will be reviewed and updated as our audit progresses.

We will communicate any significant changes to our audit strategy, should the need for such change arise.

Reporting	Objectives
Auditing standards	We will perform our audit in accordance with International Standards on Auditing UK (ISAs (UK)) and relevant guidance published by the National Audit Office.
Financial statements	We will express an opinion on Pension Fund financial statements, prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2019/20 and other directions.
Statement of Accounts	In addition to our objectives regarding the financial statements, we will also read and consider the other information published together with the financial statements to consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.
Annual Report	We will review the Pension Fund Annual Report and report on the consistency of the Pension Fund financial statements within the Annual Report with the Pension Fund financial statements in the Statement of Accounts.
Report to the Pensions Committee	Prior to the approval of the financial statements, we will discuss our significant findings with the Pensions Committee. We will highlight key accounting and audit issues as well as internal control findings and any other significant matters arising from the audit.

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BDO TEAM

Team responsibilities



Leigh Lloyd-Thomas

Partner

t: 020 7893 2616

e: leigh.lloyd-thomas@bdo.co.uk

As audit engagement lead I have primary responsibility to ensure that the appropriate audit opinion is given.

In meeting this responsibility I ensure that the audit has resulted in obtaining sufficient and appropriate evidence to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement, whether due to fraud or error, and to report on the financial statements and communicate as required by the ISAs (UK), in accordance with our findings.

I am responsible for the overall quality of the engagement and am supported by the rest of the team as set out here.



Michael Asare Bediako

Audit Manager

t: 020 7893 3643

e: michael.asarebediako@bdo.co.uk

I will lead on the audit of the Pension Fund financial statements. I work closely with Leigh to develop and execute the audit strategy.

I will be a key point of contact on a day to day basis and will ensure that timelines are carefully managed to ensure that deadlines are met and matters to be communicated to management and the Pensions Committee are highlighted on a timely basis.

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OVERVIEW

Audit risks

We have assessed the following as audit risks. These are matters assessed as most likely to cause a material misstatement in the financial statements and include those that will have the greatest effect on audit strategy, the allocation of audit resources and the amount of audit focus by the engagement team.

Description of risk	Significant risk / Other risk	Overview of risk
Management override of controls		Auditing standards presume that management is in a unique position to perpetrate fraud by overriding controls.
Pension liability valuation		There is a risk that the membership data provided as part of the 2019 triennial valuation and cash flows for the year provided to the actuary may not be correct, or the valuation uses inappropriate assumptions to value the liability.
Contributions receivable		There is a risk that employers may not be calculating contributions correctly and paying over the full amount due (on normal and deficit rates) or that the pension fund does not correctly charge costs arising on pension strain for early retirements and augmented pensions.
Fair value of investments (infrastructure & private equity)		The valuation of infrastructure and private equity holdings is a significant risk as it involves a higher degree of estimation uncertainty.
Valuation of investment assets (other)		There is a risk that investments may not be appropriately valued and correctly recorded in the financial statements.
Benefits payable		There is a risk that benefits payable may not be correct based on accrued benefits of members or may not be calculated in accordance with the scheme regulations.
Membership disclosure		There is a risk that the membership database may not be accurate to support the disclosure in the accounts.
Funding of Barnet and Southgate College deficit		There is a risk that a potential liability may exist arising from a proposed transfer of liabilities and assets for members in these merged colleges where all retired and deferred benefits are allocated to the LB Enfield pension fund and all current employees at the date of the merger are allocated to the LB Barnet pension fund.

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Auditing standards presume that management is in a unique position to perpetrate fraud by overriding controls.

- Significant risk
- Normal risk
- Fraud risk
- Assess design & implementation of controls to mitigate
- Significant Management estimates & judgements
- Controls testing approach
- Substantive testing approach
- Risk highlighted by management

Risk detail

ISA (UK) 240 - The auditor’s responsibilities relating to fraud in an audit of financial statements requires us to presume that the risk of management override of controls is present and significant in all entities.

Planned audit approach

Our audit procedures will include the following:

- Review and verification of journal entries made in the year, agreeing the journals to supporting documentation. We will determine key risk characteristics to filter the population of journals. We will use our IT team to assist with the journal extraction;
- Review of estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias; and
- Review of unadjusted audit differences for indications of bias or deliberate misstatement.

PENSIONS LIABILITY VALUATION

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There is a risk that the membership data provided as part of the triennial valuation and cash flows for the year provided to the actuary may not be correct, or the valuation uses inappropriate assumptions to value the liability.

Significant risk	■
Normal risk	□
Fraud risk	■
Assess design & implementation of controls to mitigate	■
Significant Management estimates & judgements	■
Controls testing approach	■
Substantive testing approach	■
Risk highlighted by management	■

Risk detail

An actuarial estimate of the pension fund liability to pay future pensions is calculated by an independent firm of actuaries with specialist knowledge and experience.

This year the membership data provided will be obtained in full as part of the 2019 triennial valuation. The estimate also considers all local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability. The triennial valuation should enable the most up-to-date membership information to be included in the liability calculation.

There is a risk the valuation is not based on appropriate membership data where there are significant changes since the 2019 triennial data extraction through to 31 March 2020, or uses inappropriate assumptions to value the liability.

Planned audit approach

Our audit procedures will include the following:

- Agree the disclosures to the information provided by the pension fund actuary;
- Review the controls for providing accurate membership data to the actuary for the triennial valuation;
- Check that material changes in membership since the triennial data extraction 1 April 2019 and 31 March 2020 has been communicated to the actuary;
- Review the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data; and
- Discuss with the actuary how the impact of the GMP gender discrimination and McCloud age discrimination judgements and any other significant events have been taken into account in the liability assumptions at 31 March 2020.

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There is a risk that employers may not be calculating contributions correctly or the pension fund does correctly charge costs arising on pension strain for early retirements and augmented pensions.

Significant risk	■
Normal risk	—
Fraud risk	—
Assess design & implementation of controls to mitigate	■
Significant Management estimates & judgements	—
Controls testing approach	—
Substantive testing approach	■
Risk highlighted by management	—

Risk detail

Employers are required to deduct amounts from employee pensionable pay based on tiered pay rates and to make employer normal and deficit contributions in accordance with rates agreed with the actuary.

Additional contributions are also required against pension strain for unreduced pensions for early retirements and augmentation of pensions.

In previous years the pension fund has found it difficult to allocate contributions received between normal and deficit contributions from employers, whether paid through an increase in the employer’s contribution rate or through lump sum payments. and this increases the risk that not all contributions due are received.

We have also reported concerns in previous years over the completeness and timeliness of raising supplementary invoices to employers in respect of pension strain costs for unreduced pensions for early retirements.

There is a risk that employers may not be calculating contributions correctly, not paying over the full amount due to the pension fund or failing to charge employers the capital cost of pension strain due to early retirement.

Planned audit approach

Our audit procedures will include the following:

- Test a sample of normal contributions due, additional deficit contributions where included in a higher employer rate and employer deficit lump sum payments for active members including checking to employer payroll records;
- Review contributions receivable and ensure that income is recognised in the correct accounting period where the employer is making payments in the following month;
- Perform tests over capital cost due from employers for pension strain due to early retirement; and
- Carry out audit procedures to review contributions income in accordance with the Actuary’s Rates and Adjustments Certificate, including specified increased rates to cover the minimum contributions to be paid as set out in the Certificate.

FAIR VALUE OF INVESTMENTS (INFRASTRUCTURE & PRIVATE EQUITY)

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The valuation of infrastructure and private equity holdings is a significant risk as it involves a higher degree of estimation uncertainty.

Significant risk	■
Normal risk	□
Fraud risk	■
Assess design & implementation of controls to mitigate	■
Significant Management estimates & judgements	■
Controls testing approach	■
Substantive testing approach	■
Risk highlighted by management	■

Risk detail

The investment portfolio includes illiquid and unquoted infrastructure and private equity holdings valued by the fund manager. The valuation of these funds and underlying assets may be subject to a significant level of assumption or estimation and valuations may not be based on observable market data.

In some cases, the valuations are provided at dates that are not coterminous with the Pension Fund’s year end and need to be updated to reflect cash transactions (additional contributions or distributions received) since the latest available valuations.

There may also be material changes to the underlying values of the assets within the fund between the valuation date of that entity and 31 March 2020.

As a result, we consider there to be a significant risk that investments may not appropriately valued in the financial statements.

Planned audit approach

Our audit procedures will include the following:

- Obtaining direct confirmation of investment valuations from the fund managers and copies of the audited financial statements (and member allocations) from the fund;
- Where the financial statement date supporting the valuation is not conterminous with the pension fund’s year end, confirming that appropriate adjustments have been made to the valuations in respect of additional contributions and distributions with the funds;
- Assessing whether there may have been material changes in the underlying value of the assets in the funds since the last valuation date and 31 March 2020 and whether this has been reflected in an updated valuation provided by the fund manager; and
- Ensuring investments have been correctly valued in accordance with the relevant accounting policies.

VALUATION OF INVESTMENT ASSETS (OTHER)

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There is a risk that investments may not be appropriately valued and correctly recorded in the financial statements.

Significant risk
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 Significant Management estimates & judgements
 Controls testing approach
 Substantive testing approach
 Risk highlighted by management

Risk detail

The fair value of other funds (principally unit trusts and pooled investments held through unitised insurance policies) is provided by individual fund managers and reviewed by the Custodian, and reported on a quarterly basis. These funds are quoted on active markets.

There is a risk that investments may not be appropriately valued and correctly recorded in the financial statements.

Planned audit approach

Our audit procedures will include the following:

- Obtain direct confirmation of investment valuations from the fund managers and agreed valuations, where available, to readily available observable data (such as Bloomberg);
- Ensure that investments have been correctly valued in accordance with the relevant accounting policies; and
- Obtain independent assurance reports over the controls operated by both the fund managers and custodian for valuations and existence of underlying investments in the funds.

BENEFITS PAYABLE

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There is a risk that benefits payable may not be correct based on accrued benefits of members or may not be calculated in accordance with the scheme regulations.

Significant risk
Normal risk
Fraud risk
Assess design & implementation of controls to mitigate
Significant Management estimates & judgements
Controls testing approach
Substantive testing approach
Risk highlighted by management

Risk detail

Benefits payable may not be correct based on accrued benefits of members or may not be calculated in accordance with the scheme regulations. Payment to wrong or non-existent members will result in loss of assets and risk of reputational damage.

Planned audit approach

Our audit procedures will include the following:

- For members leaving the scheme and deferring their pension and members becoming entitled to receive pension during the year, substantively test a sample of calculations of pension entitlement;
- Check the correct application of annual pension uplift for members in receipt of benefits;
- Check a sample of pensioners in receipt of pensions to underlying records to confirm the existence of the member and also review the results of the 'Tell Us Once' notification from HRMC to ensure future payments have been suspended for any bereavements identified;
- Review the results of the latest National Fraud Initiative (NFI) data matching exercise of members in receipt of benefits with the records of deceased persons and what actions have been taken to resolve potential matches;
- Review any life certification exercises undertaken for members that are excluded from the National Fraud Initiative; and
- Agree amounts recorded in the ledger for benefits paid to the pensioner payroll reports.

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There is a risk that the membership database may not be accurate and up to date to support the disclosure in the accounts.

Significant risk	
Normal risk	■
Fraud risk	
Assess design & implementation of controls to mitigate	■
Significant Management estimates & judgements	
Controls testing approach	
Substantive testing approach	■
Risk highlighted by pension fund	

Risk detail

Membership information including the number of current contributors, deferred beneficiaries and pensioners by employer is required to be disclosed in the financial statements.

We previously reported concerns regarding the accuracy of this disclosure. The 2019 triennial data cleansing should improve the accuracy of the data although delays in updating the membership data for change of status for members at year end may require manual amendments to the data.

Planned audit approach

Our audit procedures will include the following:

- Obtain membership records and review the controls over the maintenance of these records; and
- Test a sample of movements of members to transactions recorded in the fund account and other underlying supporting documentation.

FUNDING BARNET AND SOUTHGATE COLLEGE DEFICIT

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There is a risk that a potential liability may exist arising from the allocation of members in these merged colleges across the LB Enfield and LB Barnet pension funds.

Significant risk	
Normal risk	■
Fraud risk	
Assess design & implementation of controls to mitigate	
Significant Management estimates & judgements	
Controls testing approach	
Substantive testing approach	■
Risk highlighted by pension fund	■

Risk detail

Barnet College and Southgate College merged in 2011. As part of the merger the active employees of Southgate College transferred to the LB Barnet pension fund and deferred and pensioner members remained with LB Enfield pension fund. LB Barnet pension fund assumed responsibility for past service accrued benefits and on-going benefits for the transferred employees from the LB Enfield pension fund. LB Enfield pension fund has requested a transfer value buy-out from LB Barnet pension fund of £4.2 million to fund the liability shortfall for the deferred and pensioner members based on a cessation funding formula.

We are aware that LB Barnet pension fund has made a verbal offer to LB Enfield pension to transfer the deferred and pensioner members and all assets funding accrued benefits to LB Barnet pension fund. LB Barnet pension fund will then be responsible for any liability shortfall for the deferred and pension members.

There still remains a risk that LB Enfield will not accept this proposal a potential liability may exist arising from the allocation of members in these merged colleges across the LB Enfield and LB Barnet pension funds.

Planned audit approach

Our audit procedures will include the following:

- Continue to monitor the developments around the proposal made by LB Barnet pension fund;
- Review any advice provided by the actuary and any other legal advice sought by the pension fund to assess the potential liability for the LB Barnet pension fund; and
- Ensure that any potential liability has been correctly reflected in the accounts.

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Fraud

Whilst the Members of the Council and Director of Finance have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit approach includes the consideration of fraud throughout the audit and includes making enquiries of management and those charged with governance.

We have been made aware of a fraud resulting in payments made by a member of staff administering the scheme and this has been recovered from the service provider so that there has been no loss to the fund. We have not been made aware of any other actual, alleged or suspected incidences of fraud in year. We request confirmation from the Pensions Committee on fraud and a discussion on the controls and processes in place to ensure timely identification and action.

Management believe that there is low risk of material misstatement arising from fraud and that controls in operation would prevent or detect material fraud.

Significant accounting estimates and judgements

We will report to you on significant accounting estimates and judgements. We will seek to understand and perform audit testing procedures on accounting estimates and judgements including consideration of the outcome of historical judgements and estimates. We will report to you our consideration of whether management estimates and judgements are within an acceptable range.

Accounting policies

We will report to you on significant qualitative aspects of your chosen accounting policies. We will consider the consistency and application of the policies and we will report to you where accounting policies are inconsistent with the CIPFA Code of Practice on Local Authority Accounting 2019/20, applicable accounting standards.

Internal audit

We will ensure that we maximise the benefit of the overall audit effort carried out by internal audit and ourselves, whilst retaining the necessary independence of view.

We will review the reports issued by the Council's internal audit function, as relevant to the Pension Fund, although we do not plan place reliance on their work in respect of their assessment of control processes.

Laws and regulations

We will consider compliance with laws and regulations, including VAT legislation, Employment Taxes, Health and Safety and the Bribery Act 2010. We will make enquiries of management and review correspondence with the relevant authorities.

Financial statement disclosures

We will report to you on the sufficiency and content of your financial statement disclosures.

Any other matters

We will report to you on any other matters relevant to the overseeing of the financial reporting process. Where applicable this includes why we consider a significant accounting practice that is acceptable under the financial reporting framework not to be the most appropriate.

IT GENERAL CONTROLS

IT General Controls (ITGCs) are the policies and procedures that relate to many IT applications and support the effective functioning of application controls by helping to ensure the continued proper operation of information systems. They commonly include controls over data centre and network operations; system software acquisition, change and maintenance; access security; and application system acquisition, development, and maintenance.

ITGCs are an important component in systems of internal control, and sometimes have a direct impact on the reliability of other controls.

IT assurance is embedded in our audit strategy to ensure the IT systems provide a suitable platform for the control environment and is undertaken in conjunction with our IT Assurance team. Our testing strategy includes a tailored range of data analytics, system configuration and IT environment testing.

We will also obtain an understanding of the information system, including the related business processes relevant to financial reporting.



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INDEPENDENCE

Under ISAs (UK) and the FRC's Ethical Standard we are required, as auditors, to confirm our independence.

We have embedded the requirements of the auditing standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement leads are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement.

This document considers such matters in the context of our audit for the year ending 31 March 2020.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the Pension Fund.

We also confirm that we have obtained confirmation that external audit experts involved in the audit comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the Pension Fund.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

Non-audit services

We do not carry out any non-audit services in respect of the Pension Fund.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

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Financial reporting

The Pension Fund is expected to have effective governance arrangements to deliver its objectives. To this end, the publication of the financial statements is an essential means by which the Pension Fund accounts for its stewardship and use of the public money at its disposal.

The form and content of the Pension Fund's financial statements should reflect the requirements of the relevant accounting and reporting framework in place and any applicable accounting standards or other direction under the circumstances.

The Section 151 Officer is responsible for preparing and publishing Pension Fund financial statements which show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2019/20, applicable accounting standards or other direction under the circumstances.

Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of materially accurate financial statements.



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Our responsibilities and reporting - financial reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your financial statements. We report our opinion on the financial statements to the members of the Council.

We read and consider the ‘other information’ contained in the Statement of Accounts such as the additional narrative reports. We will consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.

In addition, we review the Pension Fund Annual Report and report on the consistency of the Pension Fund financial statements within the Annual Report with the Pension Fund financial statements in the Statement of Accounts.

What we don't report

Our audit is not designed to identify all matters that may be relevant to the Pension Fund and the Pensions Committee and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.



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Those charged with governance

References in this report to ‘those charged with governance’ are to the Pension Fund as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the Pensions Committee.

Communication, meetings and feedback

We request feedback from you on our planning and completion report to promote two way communication throughout the audit process and to ensure that all risks are identified and considered; and at completion that the results of the audit are appropriately considered. We will meet with management throughout the audit process. We will issue regular updates and drive the audit process with clear and timely communication, bringing in the right resource and experience to ensure efficient and timely resolution of issues.

Audit Planning Report

The Audit Planning Report sets out all planning matters which we want to draw to your attention including audit scope, our assessment of audit risks and materiality.

Internal Controls

We will consider internal controls relevant to the preparation of financial statements in order to design our audit procedures and complete our work. This is not for the purpose of expressing an opinion on the effectiveness of internal control.

Audit Completion Report

At the conclusion of the audit, we will issue an Audit Completion Report to communicate to you key audit findings before concluding our audit opinion. We will include any significant deficiencies in internal controls which we identify as a result of performing audit procedures. We will meet with you to discuss the findings and in particular to receive your input on areas of the financial statements involving significant estimates and judgements and critical accounting policies.

Once we have discussed the contents of the Audit Completion Report with you and having resolved all outstanding matters we will issue a final version of the report.

TEAM MEMBER ROTATION

These tables indicates the latest rotation periods normally permitted under the independence rules of the FRC’s Ethical Standard.

In order to safeguard audit quality we will employ a policy of gradual rotation covering the team members as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.

Independence - engagement team rotation

Senior team members	Number of years involved	Rotation to take place after
Leigh Lloyd-Thomas Engagement lead	5	2020
Michael Asare Bediako Manager	2	2028

Independence - audit quality control

	Number of years involved	Rotation to take place after
Engagement quality control reviewer	1	2027

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MATERIALITY: DEFINITION AND APPLICATION

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Concept and definition

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality therefore has qualitative as well as quantitative aspects and an item may be considered material, irrespective of its size, if it has an impact on (for example):

- Narrative disclosure e.g. accounting policies, going concern; and
- Instances when greater precision is required (e.g. Remuneration and Staff Report and related party transactions).

International Standards on Auditing (UK) also allow the auditor to set a lower level of materiality for particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Calculation and determination

We have determined materiality based on professional judgement in the context of our knowledge of the entity, including consideration of factors such as industry developments, financial stability and reporting requirements for the financial statements.

We determine materiality in order to:

- Assist in establishing the scope of our audit engagement and audit tests;
- Calculate sample sizes; and
- Assist in evaluating the effect of known and likely misstatements on the financial statements.

Reassessment of materiality

We will reconsider materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality if we had been aware.

Further, when we have performed all our tests and are ready to evaluate the results of those tests (including any misstatements we detected) we will reconsider whether materiality combined with the nature, timing and extent of our auditing procedures, provided a sufficient audit scope.

MATERIALITY: DEFINITION AND APPLICATION



If we conclude that our audit scope was sufficient, we will use materiality to evaluate whether uncorrected misstatements (individually or in aggregate) are material.

You should be aware that any misstatements that we identify during our audit, both corrected and uncorrected errors, might result in additional audit procedures being necessary.

Unadjusted errors

We will communicate to you all uncorrected misstatements identified during our audit, other than those which we believe are 'clearly trivial'.

Clearly trivial is defined as matters which will be of a wholly different (smaller) order of magnitude than the materiality thresholds used in the audit, and will be matters that are clearly inconsequential, whether taken individually or in aggregate.

We will obtain written representations from the Pensions Committee confirming that in their opinion these uncorrected misstatements are immaterial, both individually and in aggregate and that, in the context of the financial statements taken as a whole, no adjustments are required.

We will request that you correct all uncorrected misstatements. In particular we would strongly recommend correction of errors whose correction would affect compliance with contractual obligations or governmental regulations. Where you choose not to correct all identified misstatements we will request a written representation from you setting out your reasons for not doing so and confirming that in your view the effects of any uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as whole.

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AUDIT QUALITY

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Overview

The FRC released their Audit Quality Review (AQR) results for the 7 largest accountancy firms in July 2019 for the review period 2018/19. A copy of all of the reports can be found on the [FRC Website](#). We are very proud of our results in this review period where, for the second year running, 7 of the 8 files reviewed were assessed as either good or requiring only limited improvements.

Firm's results

The graphs demonstrates our performance in relation to the other 6 largest firms and our continuous improvements and maintenance of that improvement over the last 6 review periods.

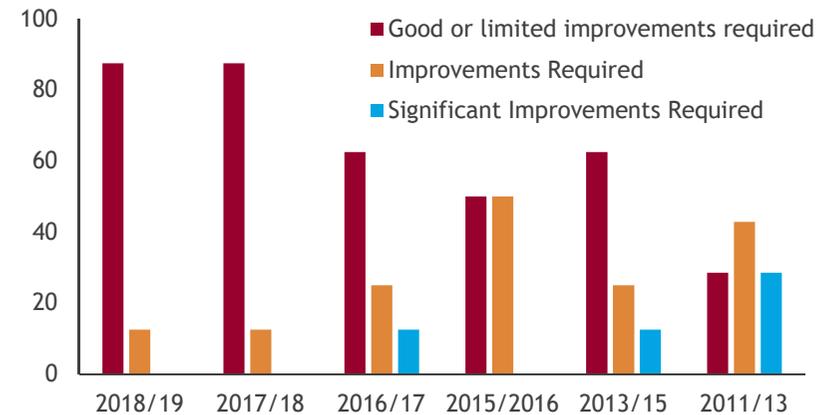
We include details of our model 'The Cycle of Continuous Improvement' on the following page. We acknowledge that the firm has performed well over the last few years however we are not complacent and need a strong process in place to maintain this high level of audit quality and deal rapidly and effectively with issues as they arise. This also highlights how our program of root cause analysis plays an important role in high audit quality.

We would encourage you to read our report which includes:

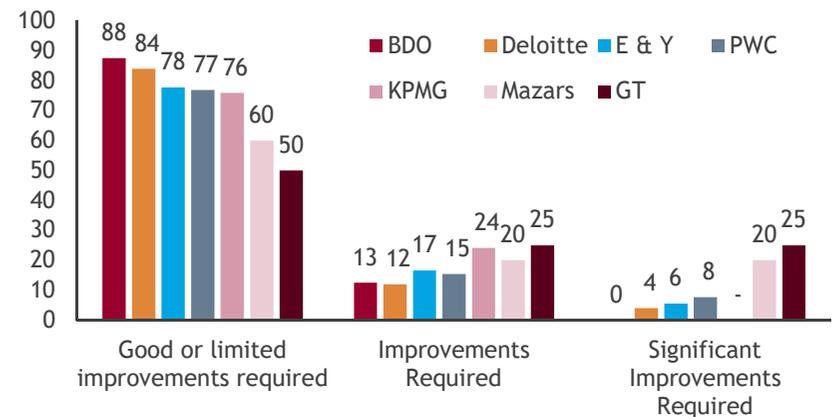
- Details of the root cause analysis we have been undertaking to address issues raised;
- The actions we have/are undertaking to address the issues raised by the AQR; and
- A number of areas of good practice the AQR review team identified whilst undertaking their review.

More details are included in our Transparency Report which is available on our website www.bdo.co.uk.

BDO AQR Results - year on year



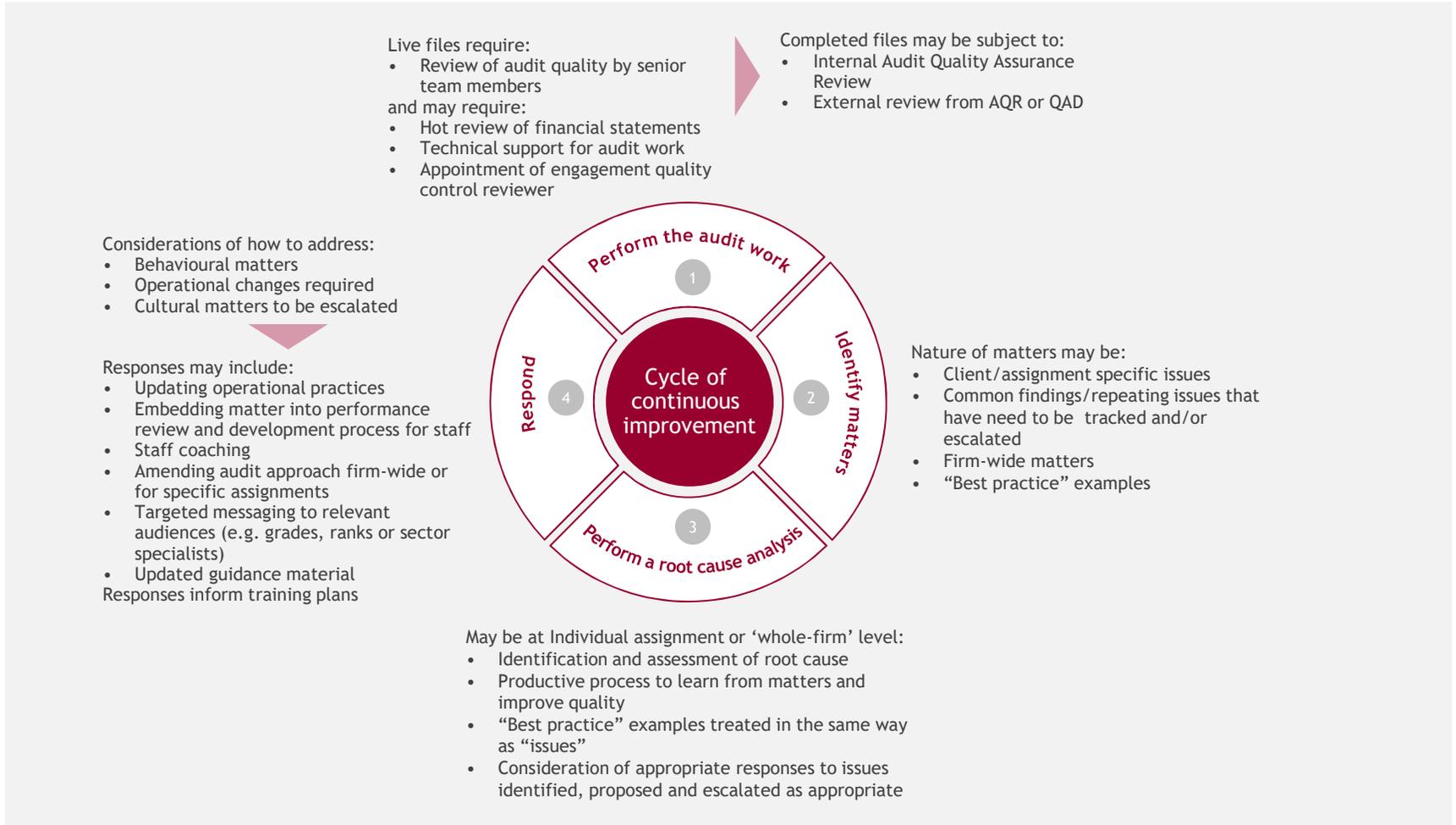
Big 7 Firms - Results 2019



AQR RESULTS 2018/19

BDO performance

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FOR MORE INFORMATION:

Leigh Lloyd-Thomas

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e: leigh.lloyd-thomas@bdo.co.uk

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the company and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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	<p>AGENDA ITEM 11</p> <p>Local Pension Board</p> <p>25 June 2020</p>
<p style="text-align: right;">Title</p>	<p>Pensions Administration Transition (PAT) Project update</p>
<p style="text-align: right;">Report of</p>	<p>Director of Finance</p>
<p style="text-align: right;">Wards</p>	<p>N/A</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix 1 – Project Board Update – Period 2 Appendix 2 – High Level Project Plan Appendix 3 – PAT Risk Register</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Nigel Keogh, Strategic Pensions Consultant and Transition Project Director Nigel.Keogh@barnet.gov.uk 07505074979</p>
<p>Summary</p>	
<p>Further to the decision taken by the Council on 3 March 2020 to transfer the administration of the Barnet Pension Fund from Capita to the West Yorkshire Pension Fund (WYPF). This paper updates the Board on progress against the transition plan.</p>	
<p>Recommendations</p>	
<p>The Local Pension Board is asked to note progress against the plan.</p>	

1. WHY THIS REPORT IS NEEDED

1.1 Further to the decision 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 (CBMDC)). This report updates the Board on progress with the transition.

1.2 The Pension Administration Transition project will transfer the administration of the LGPS for the London Borough of Barnet Pension Fund membership and pensioner payroll service from Capita to WYPF. The project follows the identification of WYPF as the preferred provider to take on the service from Capita, as reported to the Policy and Resources Committee in February, and communicated to the Board on 13 February.

1.3 The project covers all strands of the pensions administration services currently provided by Capita. The majority of those service strands will be transferred to WYPF, with contributions collection, reconciliation and monitoring reverting back to the Council. These changes will take effect by 31 October 2020.

1.4 The project is overseen by a Project Board, chaired by the Director of Finance and composing senior personnel from the Council, Capita and WYPF, alongside the Project Director. The project board last met on 4 June, and the highlight report presented to the board is attached at Appendix 1. The high level project plan is attached at Appendix 2 and the latest version of the risk register is at Appendix 3.

1.5 As the highlight report notes, good progress is being made across all workstreams, with the first major milestone (the first member data transfer and associated reports) being successfully achieved, with the process completed on 2 June 2020.

1.6 Project managers from the Council, WYPF and Capita will continue to meet weekly with the Project Director to ensure that the tasks identified across the five project workstreams are actioned in a timely manner, with a view to successful service transition on 1 November 2020.

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 Officers will continue to monitor the progress of the transition and report back to the Board. Representatives will be invited to meet the Board at a future meeting.

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 The costs of transition will be met by the Barnet Pension Fund. These are limited to a small contribution to costs incurred by WYPF – all other costs are being met from existing resources by the relevant parties.

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 The scope of the role of the Pensions Board is set out in full in the Board's Terms of Reference. In summary the role is to assist:

- o securing compliance with LGPS Government regulations and any other legislation relating to the governance and administration of the LGPS
- o securing compliance with the requirements imposed in relation to the PGPS by the Pensions Regulator.
- o such other matters as the LGPS regulations may specify
- ensure the effective and efficient governance and administration of the LGPS for the LBB Pension Fund.
- ensure the Pension Fund's strategy and policy documents are in place and have been maintained in accordance with the LGPS Regulations. These documents are: the communications policy statement; funding strategy statement; governance compliance statement; statement of investment principles; and the Pension Fund annual report and accounts.

- ensure the Pension Fund's internal Risk Register is in place and reviewed at least annually.
- review the Pension Fund's performance in complying with the requirements of the LGPS Regulations and any other legislation relating to the governance and administration of the LGPS.
- review the Pension Fund's performance in complying with the requirements of the Pension Regulator.
- annually submit a proposed work plan for the forthcoming financial year to the Pension Fund Committee.
- carry out any other activities relating to the efficient governance and administration of the Pension Fund.
- submit an annual budget to the Barnet Pension Fund Committee for approval.

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. This project forms part of that good governance.

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.

5.6.2 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 <https://barnet.moderngov.co.uk/documents/s57962/Pension%20Fund%20Administration.pdf>

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Project Highlight Report: Pensions Administration Transition

Project Name:	Pensions Administration Transition (PAT)		
Project sponsor:	Anisa Darr	Reference number:	Period 2
Project Director:	Nigel Keogh	Report period:	May 2020
Report Summary: (Overall progress and what has changed since the last report)	<p>Good progress is being made across all work streams. First data cut milestone was achieved -WYPF now reviewing the data received. Individual staff consultations regarding TUPE have commenced. First member communications have been agreed and will be issued with ABS – employers to be notified via employer newsletter. WYPF and LBB are liaising regarding policies and procedures going forward – employer monthly report pilot to commence in June. Finance workstream actions are on track. Project Team continues to meet fortnightly to report progress and review workstream task lists for completeness. PID remains in draft pending clearance of the data rectification SPIR (see dependencies below). Data Protection Impact Assessment has been signed off by LBB IM Team. Section 101 agreement currently with LBB for final review.</p>		

Project Summary

Key indicators & Direction of Travel

Direction of travel guidance			Rag guidance		
→	Horizontal	Same RAG as previous highlight report	G	Green	No deviation, plan is on track
↗	Tilted upward	Better RAG than previous report	A	Amber	Deviation is likely – mitigation is being planned to remain on track
↘	Tilted downward	Worse RAG than previous report	R	Red	Deviation has occurred – decision is needed immediately

OVERALL	→	On track	
CATEGORY	Direction of Travel	Comment	RAG
TIME	→	1 November deadline remains viable.	
COST	→	No cost issues at present	
QUALITY	→	No quality concerns at present	
RESOURCES	→	Sufficient resource being made available	

Section 1: Schedule & Key Milestones

Key Milestones	Planned Date	Actual/Forecasted Date	Slippage	Comments	RAG
First data cut	21/05/2020	21/05/2020	None	Data extract will commence 21 May and will take several days to complete	Com
Second data cut	23/07/2020	23/07/2020	None	The requirement for this extract is dependent on the quality of the first extract. Requirement to be confirmed (yes/no) and communicated to Capita by 20 July 2020.	G
Final data cut	16/10/2020	16/10/2020	None	Capita to cease payroll input for mid-month payroll on 7 October. Capita to cease payroll input for end-month payroll and member record updating 15 October 2020.	G

WYPF commence live service	01/11/2020	01/11/2020	None		G
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Section 3: Summary of Top Risks

Note: grey boxes indicate risks that have been previously reported but remain in the highlight report for on-going monitoring due to their overall probability and impact. **Bold** indicates new items.

Description	Controls and mitigations in place	Risk Owner	Nature of Risk	Residual Risk (with controls in place)			Target Risk	
				Impact	Likelihood	Score	Impact	Likelihood
Please refer to risk register – one new risk identified (PR7)								

Section 4: Summary of Top Issues

Note: grey boxes indicate issues that have been previously reported but remain in the highlight report for on-going monitoring due to their overall impact. **Bold** indicates new items.

Decision, Action or Escalate	Description	Cause/Consequence	Action(s) in place	Assigned To	Nature	Impact	Score
	None to report						

Section 5: Dependencies / Enablers

Description	Action Required	Assigned to	Target Date	Forecast Date	RAG
Data rectification plan	Agree plan and reflect agreed actions in the PID and Capita Exit Plan	Nigel Keogh/George Bruce/Scott Harriot	07/05/2020	07/05/2020	R

PENSIONS ADMINISTRATION TRANSITION (PAT) PROJECT - HIGH-LEVEL PROJECT PLAN

DATE: 2 June 2020

This high-level transition plan is intended to describe the overall plan for the project and details the specific events and milestones.

Milestones	Task	Start	Finish	Milestone Date	Responsibility
Contract Award	<ul style="list-style-type: none"> Contract awarded to WYPF Project Initiation Meeting Project Plan Contract Negotiations Contract Signature 	4 March 2020 16 March 2020 16 March 2020 4 March 2020	4 March 2020 16 March 2020 31 March 2020 30 June 2020	30 June 2020	LBB WYPF/LBB/CAP WYPF/LBB/CAP WYPF/LBB WYPF/LBB
Communications	<ul style="list-style-type: none"> Prepare Communications plan for all stakeholders Issue Benefits Statements LBB Website Employers Meeting 	16 March 2020 1 May 2020 1 June 2020	31 March 2020 31 August 2020 30 Sept 2020	24 Sept 2020	WYPF/LBB LBB/CAP WYPF/LBB
Operational Interfaces	<ul style="list-style-type: none"> Employer return pilot Agree policies and procedures Agree WIP transfer arrangements 	1 June 2020	30 Sept 2020	30 Sept 2020 30 Sept 2020	LBB LBB/WYPF LBB/WYPF/CAP
Finance	<ul style="list-style-type: none"> Agree LBB requirements Capita Bank Accounts and reconciliation Overpayments and debtors Third parties/HMRC WIP handover (HMRC) 	1 July 2020 1 June 2020 1 July 2020	31 July 2020 14 Dec 2020 16 Nov 2020	31 July 2020 14 Dec 2020 16 Nov 2020 30 Sept 2020 31 Oct 2020	LBB/WYPF CAP
TUPE	<ul style="list-style-type: none"> Staff consultation Staff transfers confirmed Staff induction/training 	1 May 2020 1 August 2020 1 Oct 2020	31 July 2020 30 Sept 2020 31 Oct 2020	1 Nov 2020	WYPF/CAP WYPF/CAP WYPF/CAP

	<ul style="list-style-type: none"> • Staff transfer 				
Data Requirements	<ul style="list-style-type: none"> • 1st data cut • 2nd data cut • Live data cut 	21 May 2020 23 July 2020 7 Oct 2020	27 May 2020 30 May 2020 22 Oct 2020		WYPF/LBB/CAP WYPF/LBB/CAP WYPF/LBB/CAP
Employers Website	<ul style="list-style-type: none"> • Create website • Training to LBB Employers 				WYPF WYPF
Transfer of work in progress	<ul style="list-style-type: none"> • Provide details of work in progress to WYPF • Transfer work in progress to WYPF 	15 Oct 2020	30 Oct 2020	15 Oct 2020	LBB/CAP WYPF/LBB/CAP
Go Live	<ul style="list-style-type: none"> • Live running at WYPF • Project Conclusion Meeting 			1 Nov 2020 29 Jan 2020	WYPF WYPF/LBB/CAP

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WYPF/LBB/Capita

Transfer of Pension Administration to WYPF

Risk Register

Date: 04/06/20

Version: 0.2

High

1

Medium

6

Low

0

TOTAL

7

Risk Ref	Date Raised	Raised By	Description of Risk	Consequence	RISK ASSESSMENT				RISK MITIGATION ACTIONS			Status
					Risk Type	Impact on Project Objectives	Likelihood of Occurrence	Risk Level	ACTION PLAN / COUNTER MEASURES	Risk Owner	Comments	
Unique Identifier				IMPACT Effect, result or outcome of risk occurring	Financial, Operational, Reputational	1 = Negligible 2=Minor 3=Major 4=Critical	1 = Unlikely 2 = Possible 3 = Probable 4 = Almost certain		Action's proposed in order to manage the risk or the current measures that are in place to control the risk. (Accept, reject, transfer or risk reduction)	Person responsible for leading action	Progress / Risk Level Update / Reasons for achieving closure or control measures.	Open, closed
PR1	17.03.2020	Yunus Gajra	Timescale for transition - Go Live is currently planned for 1st November. 1st data cut is planned for May 2020, which will allow WYPF 6 months to develop a completely new pensioner payroll load routine and conduct a parallel payroll testing.	If test data cut is not provided as scheduled for any reason it will significantly impact WYPF's development schedule. If data is not loaded by 1st week in November 2020 there is a risk that Pensioners due to be paid mid month would not be made by WYPF's payroll system	O / F / R	4	1	4	WYPF are committed to delivering this project to timescale. The timing of the test data extract and parallel payroll run have been scheduled to allow WYPF adequate time possible to prepare for core functions to be available from go live. However, this may change in the event that data cuts timescales are not met.	Yunus Gajra		Open
PR2	17.03.2020	Yunus Gajra	Key Project Team staff on long term unplanned absence or unavailable for long periods of the project lifespan or at key event points in the transition	Key milestones and targets are not being met which will impact the project's progress, timescales, quality and ultimately delay the GoLive date.	R / O / F	4	2	8	Ensure sufficient number of staff involved to ensure cover if a member of the team is absent. Specified deputy for each role in the project team. Ensure all aspects of work are documented to enable another member of staff to pick up where left off. Ensure staff have ability to work remotely or from home. Regular stress risk assessments to be carried out in line with council policy to ensure staff not exposed to excessive levels of stress.	Yunus Gajra/Nigel Keogh/Laura Williams		Open
PR3	17.3.2020	Yunus Gajra	Coronavirus Pandemic leads to full office closure	IT systems/data are not fully accessible.	O	2	4	6	Remotel access to systems is available to all staff. Conduct meetings by conference call.	Yunus Gajra/Nigel Keogh/Laura Williams		
PR4	17.03.2020	Yunus Gajra	Staff workloads significantly increased. Resources are being drawn from existing staff. Some staff have their substantive responsibilities to attend to, as well as their duties to this project.	Project team staff not available for meetings, not complete tasks allocated to them. Key milestones and targets are not met which will impact on the projects progress, timescales, quality and ultimately delay the GoLive date.	O	3	2	6	Ensure sufficient number of staff involved to ensure cover if a member of the team is absent. Ensure all aspects of work are documented to enable another member of staff to pick up where left off. Regular stress risk assessments to be carried out in line with council policy to ensure staff not exposed to excessive levels of stress.	Yunus Gajra/Nigel Keogh/Laura Williams		Open
PR5	17.03.2020	Yunus Gajra	WYPF have no experience of loading PAYROLL data from a Hartlink pension administration system - new load routines will need developing.	Data conversion could take longer than planned. Data could be misinterpreted and therefore loaded into UPM incorrectly	R / O / F	4	1	4	Map data to UPM tables as soon as possible and submit queries to LBB/ Capita as soon as they arise. Obtain Payroll reports and documents from Capita to check data load against. Capita to complete and return WYPF's Administration, Pensioner Payroll and Document/Record Questionnaires.	Hafiz Rahman		Open
PR6	17.03.2020	Yunus Gajra	Quality of data is poor	Incorrect or incomplete data will be loaded into UPM which will result in insufficient data to build full member records.	R / O / F	3	2	6	Resolve data issues during conversion in a timely manner. Allow sufficient time for data review after each data cut is received.	Hafiz Rahman		Open
PR7	02/06/2020	Nigel Keogh	Key Project staff required to/choose to use extended annual leave at key event points in the transition	Key milestones and targets are not being met which will impact the project's progress, timescales, quality and ultimately delay the GoLive date.	R / O / F	3	2	6	Ensure sufficient number of staff involved to ensure cover if a member of the team is absent. Specified deputy for each role in the project team. LBB/Capita/WYPF to review annual leave policies. Ensure all aspects of work are documented to enable another member of staff to pick up where left off.	Yunus Gajra/Nigel Keogh/Laura Williams		Open

	AGENDA ITEM 12 Local Pension Board 25 June 2020
Title	Capita Remediation Plan and Pensions Regulator Update
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix 1 – Capita Remediation Plan Appendix 2 – Letter to TPR – May 2020
Officer Contact Details	Nigel Keogh, Strategic Pensions Consultant Nigel.Keogh@barnet.gov.uk 07505074979
Summary	
<p>Further to the Improvement Notice issued by The Pensions Regulator (TPR) on 25 July 2019 to London Borough of Barnet to address weaknesses in the processes and controls within the administration of the Barnet Pension Fund, Barnet Pension Fund officers and Capita agreed a remediation plan. This paper updates the Board on progress against this plan and on the on-going communications with TPR.</p>	
Recommendations	
<p>The Board is asked to note progress against the plan and the most recent correspondence with the Regulator.</p>	

1. WHY THIS REPORT IS NEEDED

- 1.1 This report is continuation of previous updates provided to the Board with regards to our response to The Pensions Regulator Improvement Notice, which was served on the Council in July 2019.
- 1.2 One of the key elements of our response to TPR was the inclusion of a remediation plan that was agreed between Capita and Barnet officers in August 2019.
- 1.3 Progress against plan has been subject to fortnightly monitoring and regular updating. Appendix 1 shows the progress against plan as at 8 June 2020.
- 1.4 As the report shows, the required actions have now been completed, subsumed into business as usual or are no longer required given the decision to transition the service from Capita to West Yorkshire Pension Fund (WYPF) (as communicated to the Board on 13 February).
- 1.5 As noted in the last report to the Board, the Fund sent an update letter to TPR on 11 November 2019. A further update letter was sent to TPR on 12 May 2020 (Appendix 2).
- 1.6 I am pleased to report that the latest update was well-received by the Regulator, eliciting the following response:

“It was good to get an update on the work being done by the Scheme Manager and confirmation of the Scheme Manager’s intentions regarding the change of administrator. I do not need to receive further updates on the matters we have already been told about but if any new breaches come to light please inform my colleagues in our Customer Support Team via our Exchange system.”
- 1.7 Work continues with Capita to ensure that the lessons learned from the work necessary to address the issues which gave rise to the Improvement Notice are acted upon, particularly the 2020 ABS exercise, the 2020 Pensions Savings Statements exercise and the backlog reduction programme.
- 1.8 With regard to the latter, the Council has agreed to co-fund, with Capita, additional resources over the next 5 months to reduce the backlog of currently non-workable cases as much as possible in advance of the handover of the service to WYPF on 1 November 2020. This work is being monitored, alongside “business as usual”, on weekly basis and the extent of the project is reported in the administration performance report.

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 To the extent that there are financial costs arising with rectifying the situation of the failure to issue PSS to a number of members, this cost will be repaid by Capita.

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 The scope of the role of the Pensions Board is set out in full in the Board's Terms of Reference. In summary the role is to assist:

- o securing compliance with LGPS Government regulations and any other legislation relating to the governance and administration of the LGPS
- o securing compliance with the requirements imposed in relation to the PGPS by the Pensions Regulator.

- o such other matters as the LGPS regulations may specify
- ensure the effective and efficient governance and administration of the LGPS for the LBB Pension Fund.
- ensure the Pension Fund's strategy and policy documents are in place and have been maintained in accordance with the LGPS Regulations. These documents are: the communications policy statement; funding strategy statement; governance compliance statement; statement of investment principles; and the Pension Fund annual report and accounts.
- ensure the Pension Fund's internal Risk Register is in place and reviewed at least annually.
- review the Pension Fund's performance in complying with the requirements of the LGPS Regulations and any other legislation relating to the governance and administration of the LGPS.
- review the Pension Fund's performance in complying with the requirements of the Pension Regulator.
- annually submit a proposed work plan for the forthcoming financial year to the Pension Fund Committee.
- carry out any other activities relating to the efficient governance and administration of the Pension Fund.
- submit an annual budget to the Barnet Pension Fund Committee for approval.

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 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.

5.6.2 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 <https://barnet.moderngov.co.uk/documents/s57775/Capita%20Remediation%20Plan%20and%20Pensions%20Regulator%20Update.pdf>

6.2 <https://barnet.moderngov.co.uk/documents/s54970/Regulatory%20Intervention.pdf>

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Rem Category		Rem Plan Ref
Data Quality & Completeness	Further UDE supplied on 4/11. Conditional data tests being run	2.1
		2.1
		2.1
		2.1
		2.1
Admission Agreements & Bonds	Procedure agreed. Progress delayed by other priorities. Planning now in train	2.2
		2.2
		2.2
Aged Casework	On track to clear ahead of schedule	2.3
		2.3
		2.3
		2.3
		2.3
Annual Benefit Statements 2019	8 out of 9 actions completed (89%). ABSs issued by end August. Working through member queries arising	2.4
		2.4
		2.4
		2.4
		2.4
		2.4
		2.4

		2.4
		2.4
		2.4
		2.4
Contributions Monitoring	New procedures in place. Regular reminders being issued to non compliant employers	2.5
		2.5
		2.5
Complaints	6 out of 7 actions completed (86%). Complaints reduced and being reported on weekly. Proposed procedure to be finalised	4.1
		4.1
		4.1
		4.1
Breaches	Now included within monthly performance report	4.2
		4.2
Administration	New workload management process bedding in. Knowledge dev ongoing	5
		5
		5
		5
		5
		5
Reporting	Weekly and monthly reporting taking place. Continuing to refine	7

		7
		7
Internal Control Improvements	Preliminary hearing took place on 22 October. Case will now be heard on 5 November	8
		8
		8
		8
Data improvement plan	To be produced after common and conditional data tests run	9

Action No.	Action	Original Deadline	Capita amended deadline
1	Complete phases 1 and 2 of conditional data cleanse plan (TPR submitted Jan plan)	31-Aug	
2	Run member records through Hymans Brain Portal and cleanse	31-Jul	
3	Explore feasibility of further conditional data run	31-Aug	31-Oct
4	Commence monthly data collection and reconciliation implementation	31-Aug	
5	Fully compliant process with 2.1..4	31.03.20	
1	Capita and LBB have agreed a revised admission/bond process	July	
2	Capita to provide single point of contact to coordinate data provision	31-Jul	
3	Capita to provide full assistance and support in resolving as many admission agreements, cessations and bonds as possible by the end of 2019	31-Dec	31-Oct
1	Full analysis of outstanding work required	01-Jul	30-Aug
2	Detailed recovery plan to be created	08-Jul	06-Sep
3	Recovery plan weekly progress updates to be provided	15-Jul	13-Sep
4	Full breakdown of o/s work incl 3rd party to be provided to LBB	09-Aug	13-Sep
5	Capita to clear the aged cases by the end of 2019.	31-Dec	
1	2019 ABS plan to be reviewed bi-weekly	Ongoing	
2	2019 ABS plan to be a standing item on fortnightly LBB Finance call	Ongoing	
3	Capita admin team to carry out 3% minimum sample check	31-Aug	
4	Capita Technical to carry out additional ABS data quality review post production- Deferred	31-Aug	
5	Summary of checks by Technical provided to LBB Finance-deferred	12-Aug	
6	Capita Technical to carry out additional ABS data quality review post production- actives	15-Aug	
7	Summary of checks by Technical provided to LBB Finance-actives	15-Aug	

8	2018 ABS data to be rerun through conditional data set to prove quality to TPR - Action removed - agreed with Matt Banks	31-Aug	
9	Post issue of ABS, process to be put in place to deal with member queries incl root cause	01-Sep	30-Sep
10	Report on any issues raised by members and the resolution to be prepared for the regulator	30/09 and then bi weekly	
11	Review the system routine in regards to calculation of NRA		
1	Monthly confirmation of contributions to commence from June	30-Jun	
2	Analytics to support data set to be provided with exception reports, closing Audit actions	31-Aug	
3	Develop MI to report on monthly contribution monitoring and provide initial cut	31-Aug	
1	A SharePoint site will be created to hold details of open complaints	July	
2	SharePoint data to be sent weekly to LBB for 4.1.1	Ongoing	
3	Monthly status report will be developed and circulated	Ongoing	31-Aug
4	CSG to review and implement LBB proposed complaint handling process	30-Aug	
1	Shareport site will be widened to include Breaches	31-Jul	
2	Monthly status reports will be enhanced to include Breaches information	31-Jul	31-Aug
1	Build a knowledge pool of LBB activities to support all process training	31-Dec	
2	Resource planning activity to be rolled out to manage scheme events and impact on BAU	31-Aug	30-Sep
3	Enhanced version of workflow software to be delivered for greater visibility of bottlenecks	31-Aug	30-Sep
4	Develop the levels of knowledge in the Contact Centre and increase LBB confidence	31-Dec	
5	Incentivise staff to undertake professional qualifications	Ongoing	
6	All LBB processes to be fully reviewed , focussing on cross group activity, adopting a "Live Lab" approach	30-Sep	30-Nov
1	A fortnightly work update to be provided for 3 months	June-Aug	

2	With client consent, after 3 months this will be replaced with monthly reporting	09-Sep	
3	Work items that fail SLA on a particular day will be recovered within 5 working days		
1	Awaiting details of criminal proceedings and trial date for fraud case	Ongoing	
2	Capita Control Enhancements tabled at July Risk and Compliance Committee	July	
3	Capita to provide note of recommendation and actions taken from the review of controls	16-Aug	
4	KPMG internal controls review to be performed annually		
1	Production of data improvement plan		

Further detail	Status	BRAG	Action Owner
To be evidenced via submission of the excel plan	Completed		DD
Cleansing in progress and on track	Completed		DD
	Completed		DD
Liaison required with client to implement	No longer required		DD/KB
	No longer required		DD/KB
In place	Completed		DD/SS
Individual now confirmed	Completed		DD
	Ongoing		
Age profile of overdue cases produced	Completed		DD
Not yet fully documented. Prioritisation required	Completed		DD
Template being developed by Governance Manager	Completed		DD
	Completed		DD
	Completed		
Being progressed	Completed		DD
Being progressed	Completed		DD
Being progressed	Completed		DD
Complete	Completed		CC
	Completed		CC
	Completed		CC
	Completed		CC

Is this still required?			Leeds?
Update required	Completed		DD
	Completed		DD
	Not required		
Done	Completed		KB
Provided as part of July Appendix	Completed		KB
Update required	Completed		KB
Created in July	Completed		AS
	Completed		AS
Update required	Completed		MR
	No longer required		PF
Done	Completed		AS
See 4.1.3 for update	Completed		MR
Needs to be reviewed after August 2019	No longer required		MR
	Completed		DD
	No longer required		DD
Needs to be reviewed after August 2019	Completed		AK
	Completed		IG
Revised date- as the work is very time consuming and will need to focus on reduction plan	No longer required		DD
Currently occurring	Completed		MR/PF

	Now weekly		MR/PF
Date to be set after work completed on 2.3.3	Completed		MR
Still awaited	Completed		MR
Done	Completed		MR
Done	Completed		PF
To be accommodated during Capita's AAF 01/06 audit schedule	Ongoing		IG
	Completed		IG/PF

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Mr Michael Burton
Specialist
Supervision (Relationships)
The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

London Borough of Barnet
2 Bristol Avenue
London NW9 4EW

Contact: Anisa Darr
E-mail: anisa.darr@barnet.gov.uk
Date: 12 May 2020
Your ref: C98061965

Dear Michael

**Local Government Pension Scheme (LGPS) -London Borough of Barnet
Superannuation Fund PSR 10123044 (the Fund)**

Further to my letter of 11 November 2019, I am writing to provide you with an update of progress in a number of areas, and details of our plans for the future administration of the Barnet Pension Fund.

Annual Benefit Statements (ABS)

As previously reported, ABS were issued to all members due to receive one by the statutory deadline with the exception of 930 deferred members whose cases were in progress at the time of issue.

In respect of the above, the cases have been completed in respect of 262 members, and the removal of this backlog is being monitored on a weekly basis.

With regard to the ABS that were issued, our monitoring of feedback from members revealed the following:

- The monitoring exercise captured queries relating to 1162 ABS that were issued (approx. 6% of Fund members that received an ABS)
- 3 common issues accounted for 1031 of the above (formatting errors where the ABS had been produced manually; cases where the members had transferred-in service; and members with multiple service records)
- As a result, 1092 corrected ABS have been issued to members (approx. 5.6% of Fund members that received an ABS)

We have now concluded our review of the 2018-19 ABS exercise and the lessons learned from the bulk issues noted above have been taken on board for this year.

Pensions Savings Statements

As previously reported, in the course of investigating feedback from members regarding their ABS, we identified a number of cases where Pensions Saving Statements (PSS) were not issued to members, in some cases dating back to the 2013-14 pension input period.

A full review was completed at the end of February 2020, which yielded the following results:

- 76 PSS not issued
- 52 members concerned

- 13 members affected with tax consequences as a result

We are still working with those affected members to resolve any tax issues and are supporting them through funding personal tax advisors and independent financial advisors.

Triennial valuation data

Following considerable effort by both Capita and internal resources, I am pleased to report that scheme data has improved sufficiently to allow the actuary to complete the triennial evaluation.

Non-actionable caseload action plan

In my letter of 11 November, I referred to our plan in place to bring the currently non-actionable caseload into a workable state, with a view to the backlog as of 18 October (1685 cases) being cleared by the end of January 2020.

However, as consequence of our review of the data required for the triennial valuation, we have identified further work to be actioned by Capita that requires third party information, the number of cases has risen, and now stands at 3232 cases.

Barnet officers continue to monitor this position on a weekly basis and are supporting Capita by engaging directly with employers to obtain the necessary information to progress these cases.

Members with missing Normal Pension Age

As reported in my letter of 29 August 2019, there was an issue with 1880 deferred members whose Normal Pension Age (NPA) was incorrectly held on the administration system. Following further analysis, we determined that 272 members had passed their NPA as at April 2019. With the exception of the 17 members whose addresses we are still tracing, we have now written to the remaining 255 members of the original 272 cases. The outcomes are as follows:

Responses received:	208
Pensions options issued:	207
Pensions now in payment:	65

We have written to the remainder of the population (1608 members who had yet to reach their NPA as at April 2019) to apologise that their previous ABS contained the incorrect NPA and to assure them that this has now been corrected.

Future of pensions administration

As you may be aware from the associated press coverage, on 3 March 2020, the Council resolved to transfer the administration of the Barnet Pension Fund from Capita to the West Yorkshire Pension Fund (WYPF).

WYPF are widely recognised as a leader in the administration of the Local Government Pension Scheme, and the Council felt that working with WYPF offered an opportunity to deliver an enhanced and improved pensions administration service to the members of the Barnet Pension Fund.

The Council has established a transition project board, chaired by myself, which will oversee the transition of the service from Capita to WYPF by 31 October 2020.

However, naturally, at this time, the ability to manage the transition alongside maintaining “business as usual” at both Capita and WYPF, in what is a very challenging environment, is being kept under constant review.

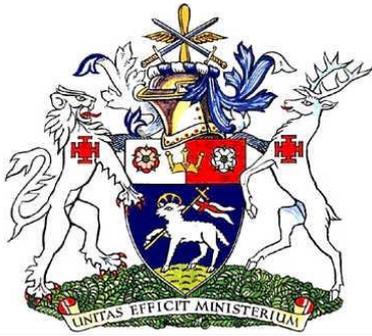
If you would find it helpful, again I would be happy to speak to discuss the above in greater detail – please do let me know. In the meantime, if you have any questions regarding any of the above, please do not hesitate to get in touch.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Anisa Darr', with a long horizontal flourish extending to the right.

Anisa Darr
Director of Finance

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Local Pension Board

25 June 2020

Title	Performance Report
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Capita Performance Report for May 2020 Appendix B – Weekly Backlog Report – 8 June 2020 Appendix C – Employer Update Note – June 2020
Officer Contact Details	Mark Fox, Pensions Manager – 0208 359 3341
Summary	
This paper provides the Local Pension Board with the pensions administration performance report for May 2020.	

Officers Recommendations

The Local Pension Board are requested to note the current performance levels, how Capita are maintaining administration levels during the Covid-19 pandemic and plans for reducing non actionable caseload backlogs.

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 Capita.
- 1.3 The risk register is reported on separately.
- 1.4 Capita also provide weekly reports on the reduction of the actionable caseload backlog. The latest report as at 8 June 2020 is attached at Appendix B.
- 1.5 All the administration team at Capita have all been working from home since the Covid-19 lockdown began. There remains a small number of staff at Capita working at their office in Darlington, who are responsible for scanning incoming post and printing and posting letters.
- 1.6 In addition, Capita have developed a system that allows calls to be taken remotely using mobile phones. As a result, the administration team can take calls whilst working at home. There has been no major reduction in the number of calls answered within 30 seconds.
- 1.7 The May report shows SLA attainment compared to the previous report from December 2019 (from 90% up to 94.5%). Officers continue to monitor the SLA performance on a weekly basis and have recently raised concerns that when there is an absence on the team (illness or annual leave), performance levels have dropped. Capita have confirmed that additional resource has been added to the team to ensure that performance levels are maintained at a satisfactory level. Officers will continue to monitor this matter.
- 1.8 Case types that Capita need to improve their performance on are Leavers (84%), (Retirements (85%), Transfers Out (78%) and Transfers-in (90%). Officers in the weekly telephone calls with Capita continue to emphasise the importance of improvement on these three case types. If Officers become aware of individual cases where the service from Capita is not at a satisfactory level, they will intervene and request that this is processed urgently.
- 1.9 Officers have agreed with Capita an improved process for chasing overpayments, usually made on death of a member. The intention of obtaining the return of more overpayments.
- 1.10 There has been improvement in the collection of outstanding strain costs, but a number remain outstanding. The fining employers for non-payment remains an option and will be used for strain costs that are not paid in a reasonable period.

- 1.11 The Capita administration team are also focusing on receiving the year end returns received from all employers, which includes reviewing these for undisclosed leavers and joiners and updating administration records with salary details. Once the year end returns are processed, this enables both annual benefit statements and pension savings statements to be issued.
- 1.12 The number of non-actionable work cases outstanding has grown to c3,700. This is mainly attributed to awaiting third party information (including Capita Payroll). A common factor in these cases is the failure to follow up on information requests. It has been agreed that Capita and LBB will jointly share the costs of four additional staff (up to 31 October) to tackle the backlog of third-party cases involving both obtaining the missing information and updating members records. This is to ensure that when the administration is transferred to the new administrators, there is no significant backlog of unprocessed cases. A Capita team based in Belfast are currently working on the less complex tasks (such as reviewing the status of cases and issuing chasing letters) which total around 1,800. To date 25% of these cases have been reviewed. Any cases where Capita are unable to resolve will be passed to Officers to determine the next course of action to be taken.
- 1.13 The decision to transfer the administration of the Fund from Capita to the West Yorkshire Pension Fund (from 1 November 2020) was communicated to pensioners in their April payslips. For active and deferred members, a note will be included when the 2020 annual benefit statements are issued.
- 1.14 An update note to be sent to employers is attached in Appendix C.

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.

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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.

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5.6.3

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

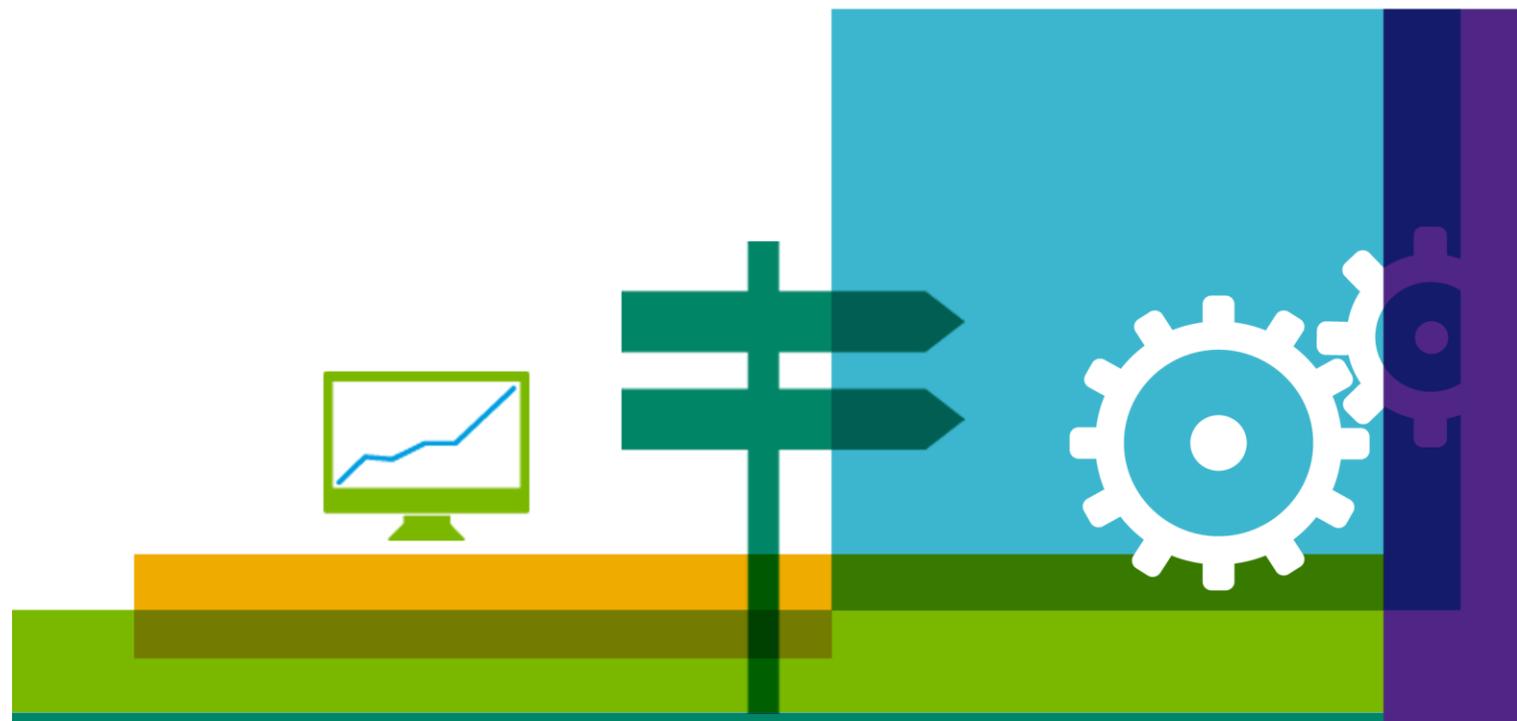
5.9.1 Not applicable in the context of this report.

6. BACKGROUND PAPERS

6.1 Appendix A

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CAPITA



Report to the London Borough of Barnet May 2020

London Borough of Barnet Pension Fund

12th June 2020

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1. Introduction

This report covers the overall administration, engagement with members and employers and Service Delivery of the London Borough of Barnet Pension Fund and the activities covered within the month of April 2020.

2. Executive Summary

Headlines	
1	<p>During the period 1298 BAU cases were completed in month which is an increase in comparison to last month. We continue to perform well despite our whole administration service continuing to work remotely from the office environment.</p> <ul style="list-style-type: none"> ○ 1227 were completed within target ○ Overall performance has decreased marginally across the month
2	<p>End of Year returns from employers continued to be received throughout the month. At 31st May, 87 employers had submitted returns with 9 returns outstanding. LBB are chasing all outstanding returns.</p>
3	<p>In May additional resources were secured to assist with ongoing remediation work prior to the pension administration transitioning to WYPF in November 2020. Priority has been given to reviewing of the non-workable cases.</p>

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

Case Group / Category	Volumes
<i>All work outstanding at the beginning of the period</i>	3773
<i>Cases received in the period</i>	1521
<i>Cases completed in the period</i>	1298
<i>Cases re-categorised during the period</i>	460
<i>All work outstanding at the end of the period</i>	3536
<i>Number of outstanding cases awaiting 3rd party information</i>	3071
<i>Number of workable items</i>	465
<i>Total</i>	3536
<i>Cases completed within standard LGPS targets</i>	1227

3. Performance Breakdown

Performance Breakdown

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

The overall performance level reduced by 0.3% in May, in addition the volume of cases cleared this month has increased in comparison to April.

Performance may reduce as we progress any cases outside of SLA that are currently at 3rd party.

Case Group	Start	Received	Completed	Terminated	Carried F/Ward	Completed Within	SLA %
<i>Change of details</i>	49	64	83	10	20	77	92.77%
<i>Enquiries</i>	107	234	162	107	72	146	90.12%
<i>Request for Estimate of Benefits</i>	84	49	33	28	72	33	100.00%
<i>Leavers</i>	1551	77	75	26	1527	63	84.00%
<i>New Starters</i>	58	48	77	12	17	77	100.00%
<i>Retirements</i>	420	32	53	36	363	45	84.91%
<i>Transfers In</i>	161	10	10	3	158	9	90.00%
<i>Transfers Out</i>	40	9	9	1	39	7	77.78%
<i>Bereavements</i>	265	40	23	2	280	19	82.61%
<i>Other</i>	1038	958	773	235	988	751	97.15%
Total	3773	1521	1298	460	3536	1227	94.53%

Service Delivery Report
May 2020

SLA Tracker

Case Group	Dec SLA	RAG	Jan SLA	RAG	Feb SLA	RAG	Mar SLA	RAG	April SLA	RAG	May SLA	RAG
Change of details	95.52%		98.00%		94.55%		84.62%		93.06%		92.77%	
Enquiries	83.97%		92.27%		95.65%		85.57%		96.26%		90.12%	
Request for Estimate of Benefits	100.00%		90.57%		97.78%		100.00%		100.00%		100.00%	
Leavers	64.06%		86.17%		94.26%		84.40%		90.43%		84.00%	
New Starters	95.06%		98.26%		95.89%		69.77%		83.33%		100.00%	
Retirements	82.26%		80.00%		96.83%		70.45%		87.50%		84.91%	
Transfers In	71.43%		85.71%		100.00%		86.67%		77.78%		90.00%	
Transfers Out	100.00%		94.74%		100.00%		100.00%		100.00%		77.78%	
Bereavements	83.33%		95.65%		91.67%		100.00%		94.12%		82.61%	
Other	95.26%		96.07%		98.39%		95.71%		98.04%		97.15%	
Total	90.70%		93.77%		97.10%		91.34%		94.84%		94.53%	

For the purposes of SLA reporting, a RAG rating is assigned based on the following levels of compliance:

- Lower than 80% - **RED**
- Between 80% and 90% - **AMBER**
- Over 90% - **GREEN**

Work in Progress Position

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

<3 Months		3 - 6 Months		6 - 12 Months		12 - 18 Months		18 - 24 Months		>24 Months	
Capita	3rd Party	Capita	3rd Party	Capita	3rd Party	Capita	3rd Party	Capita	3rd Party	Capita	3rd Party
359	627	17	338	58	1113	22	397	1	320	8	276

A complete breakdown of all outstanding casework split between workable items and non-workable items is shown as an Appendix 1.

Actions taken:

- In May additional resource was secured to assist with the ongoing remediation work prior to the pension administration transitioning to WYPF in November 2020.
- Priority has been given to the review of third-party cases (non- workable cases) and the issuing of reminders for any outstanding information that will allow the case to be progressed or concluded.
- Monitoring and action of cases relating to members over NPA who hadn't claimed retirement benefits continue to be reported weekly

Remediation work

The support provided so far has been tasked with a review of all leaver cases. As a result of this review, we have provided information to LBB and Capita HR to assist in obtaining any missing information from employers so enabling the cases to be concluded.

Reminders have also been issued to members for the remaining leaver cases. As we move into June action has been taken on all leaver cases at 3rd party. We expect to see responses throughout the month of June.

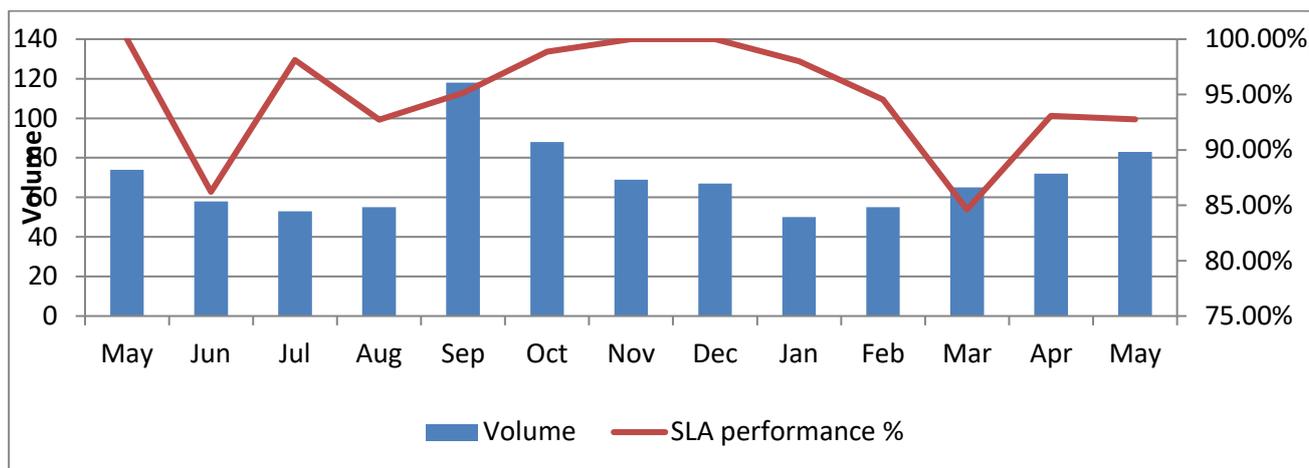
Next steps will to follow-up on both the bereavement and retirement areas of work and determine what are the next steps we need to take to finalise the cases. Reviews against e-decision to confirm dates of death are already underway.

SLA 1 – Change of Personal Details

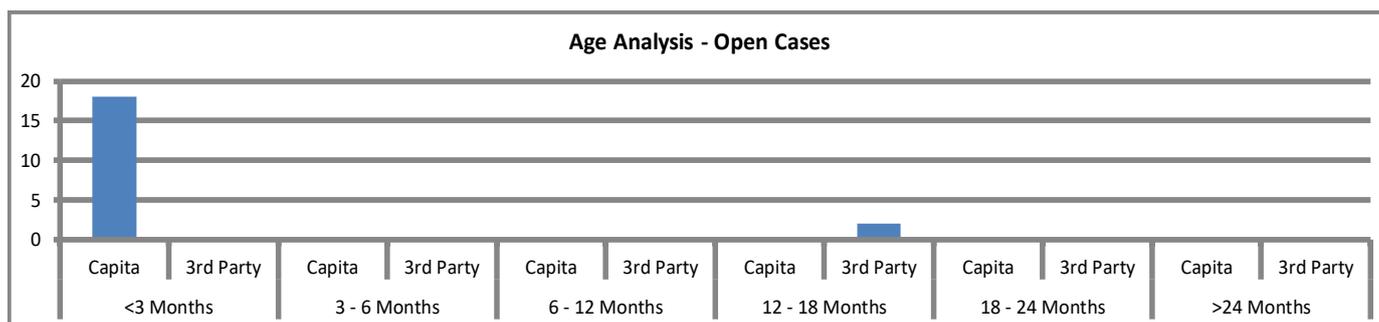
Process change to member details within 10 days of receipt of request

SLA Performance Percentage

92.77%



Volume received in the period	64
Volume processed in the period	83
Remaining open cases (age analysis below)	20



Case volumes reduced this month which enabled higher volumes of cases to be completed and as a result less cases were carried forward. SLA compliance reduced slightly.

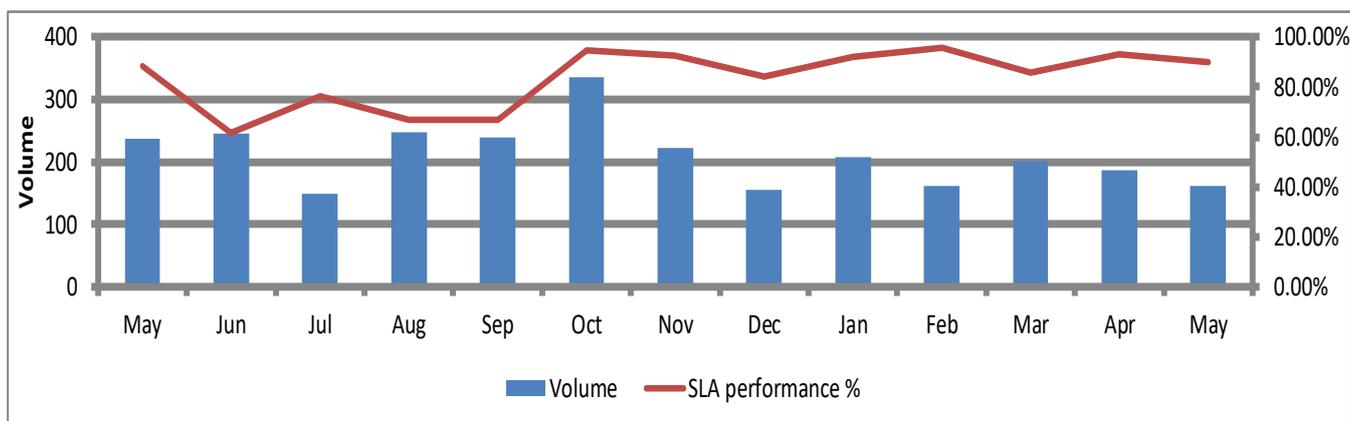
With the printing of annual benefit statement for deferred members planned for later this month, future performance may be impacted due to the potential ABS returns and members personal data record having to be updated and requests to out tracing service commencing.

SLA 2 – General Enquiries

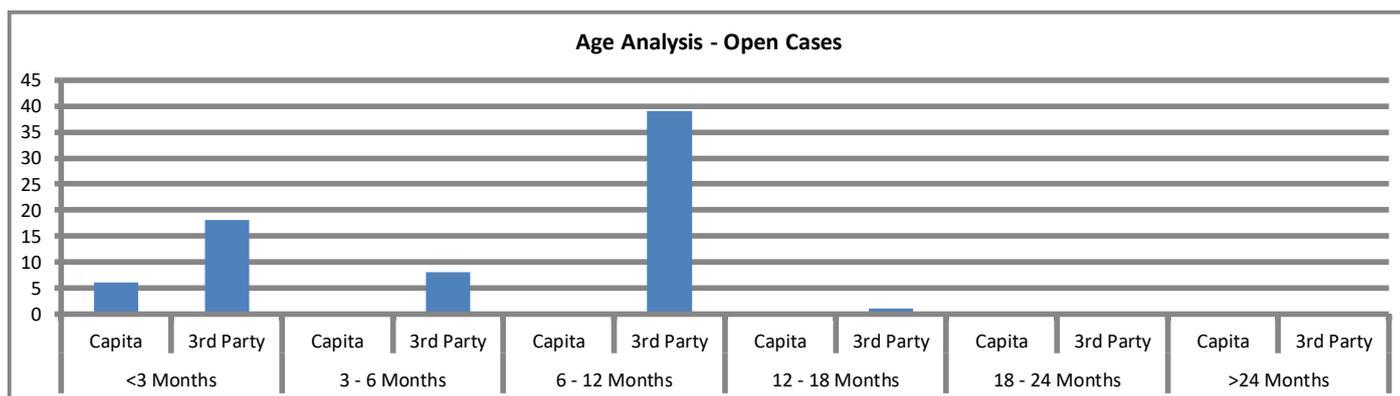
Provide a response to member or beneficiary within 10 days of receipt of correspondence

SLA Performance Percentage

90.12%



Volume received in the period	234
Volume processed in the period	162
Remaining open cases (age analysis below)	72



Case volumes reduced this month

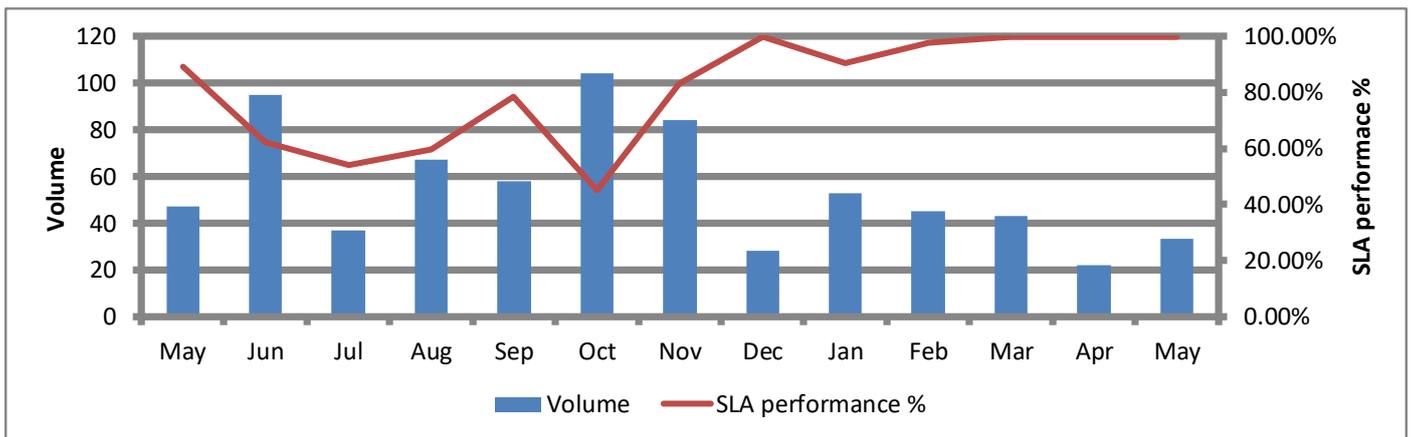
With the printing of annual benefit statement for deferred members planned for later this month, we may see an increase in volumes due to potential enquiries from members.

SLA 3 – Request for Estimate of Benefits

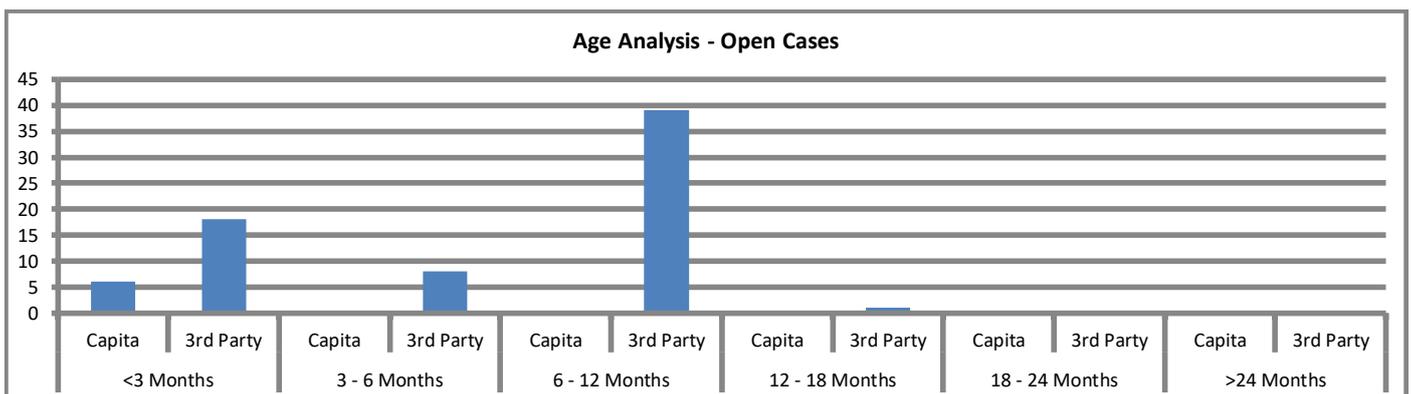
Issue benefit quotation within 10 days of receipt request

SLA Performance Percentage

100.00%



Volume received in the period	49
Volume processed in the period	33
Remaining open cases (age analysis below)	72



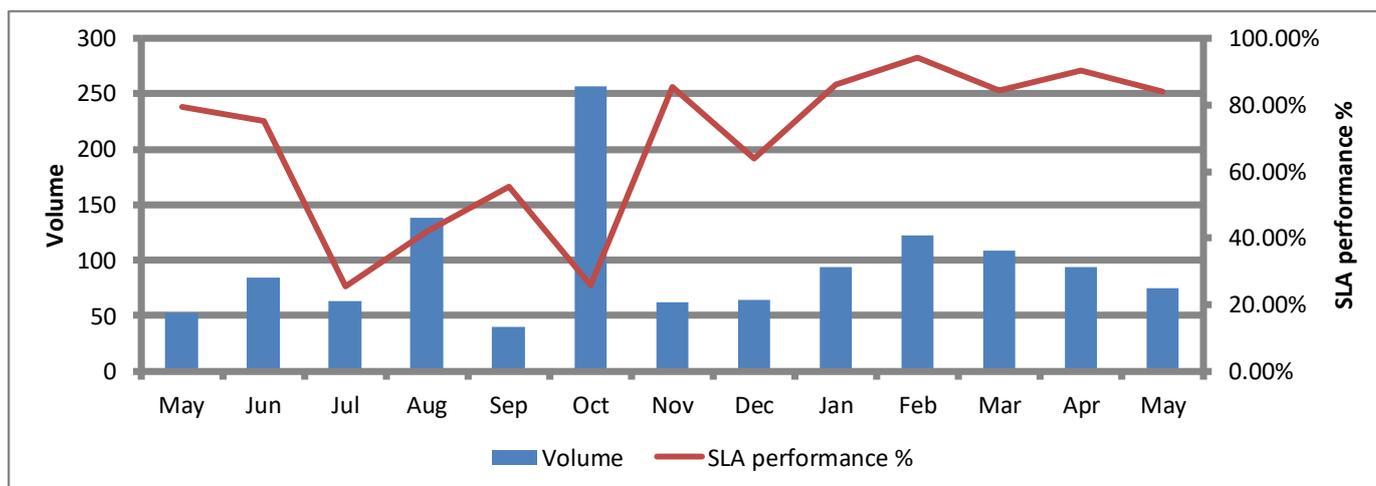
Volume of cases received increased; performance was maintained at a high level.

SLA 4 – Leavers

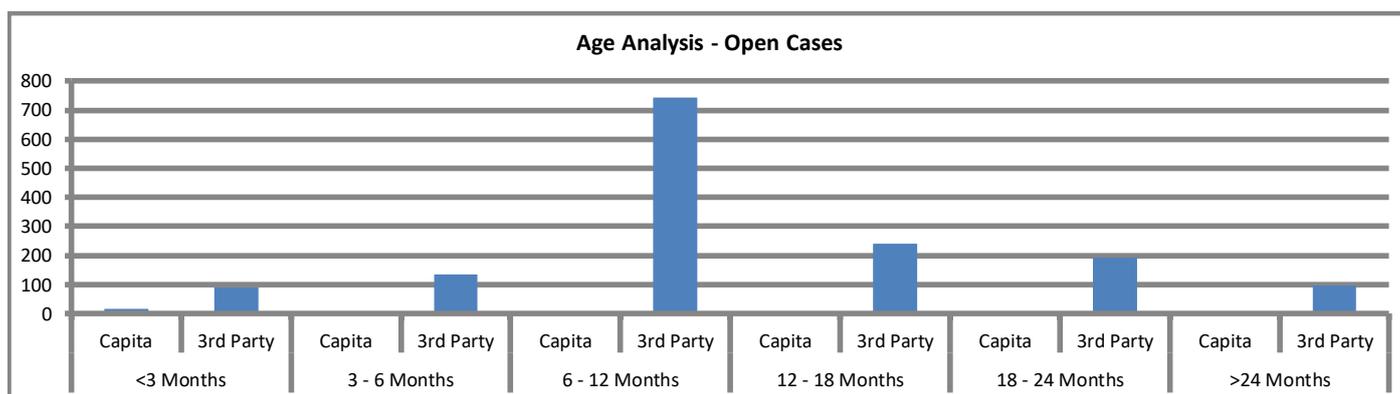
Provide statement of Preserved Benefits within 20 days of notification of exit
Process payment of refund of contributions within 10 days of receipt of notification

SLA Performance Percentage

84%



Volume received in the period	77
Volume processed in the period	75
Remaining open cases (age analysis below)	1527



This is the area of work given priority by the additional resource. Reviewing the outstanding case and the issuing of reminders. As we receive responses to these enquiries we should see a reduction in 3rd party cases.

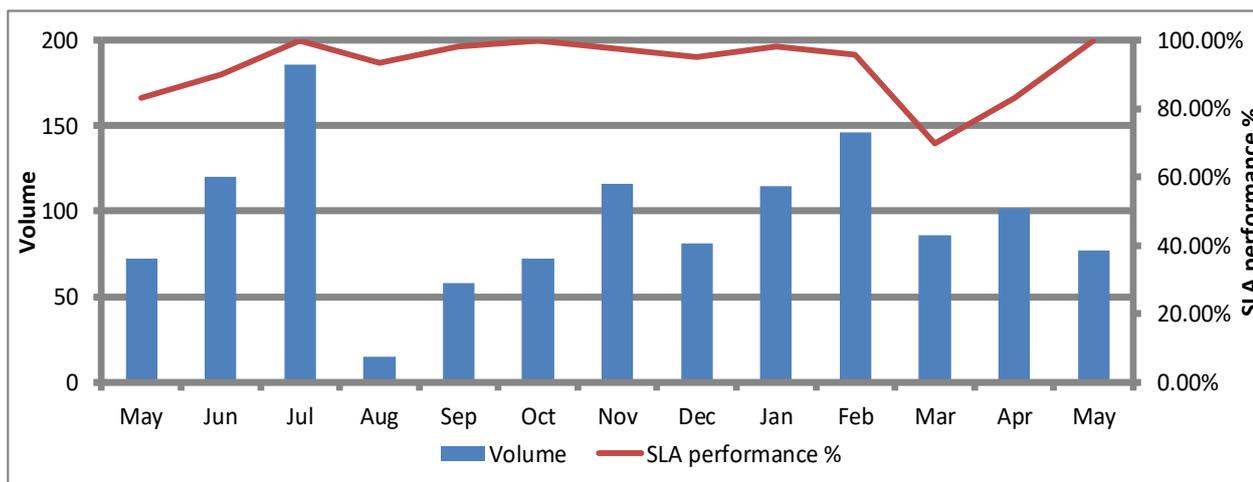
Weekly reports are now provided to give an update against the assumed leaver cases, the volume of cases in this category has reduced from 930 to 635. Future months SLA performance may be impacted when we receive the information non-workable cases convert to BAU.

SLA 5 – New Starters

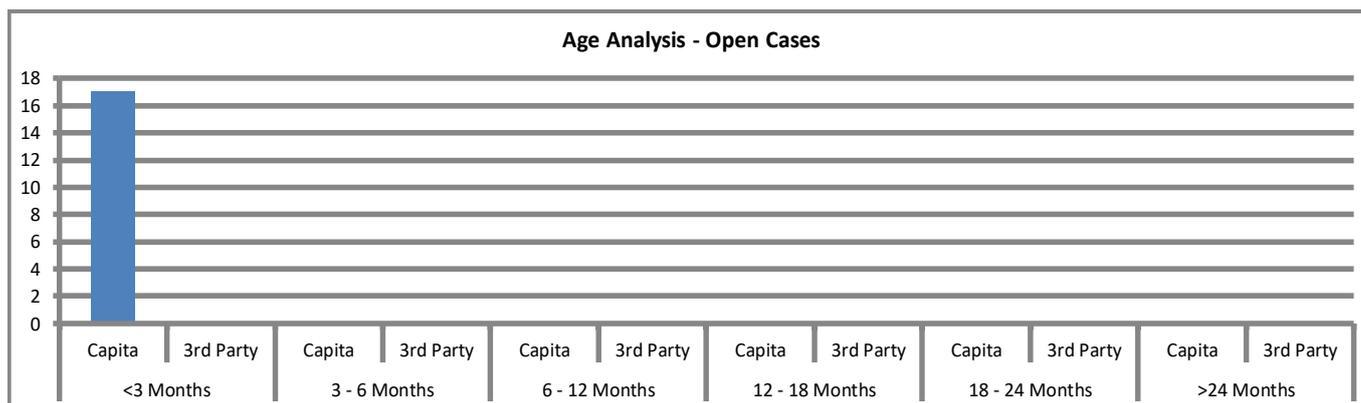
Creation of system record within 4 days of receipt of notification

SLA Performance Percentage

100%



Volume received in the period	48
Volume processed in the period	77
Remaining open cases (age analysis below)	17



New starter cases decreased in May compared to the previous months. Performance increased to meet SLA compliance.

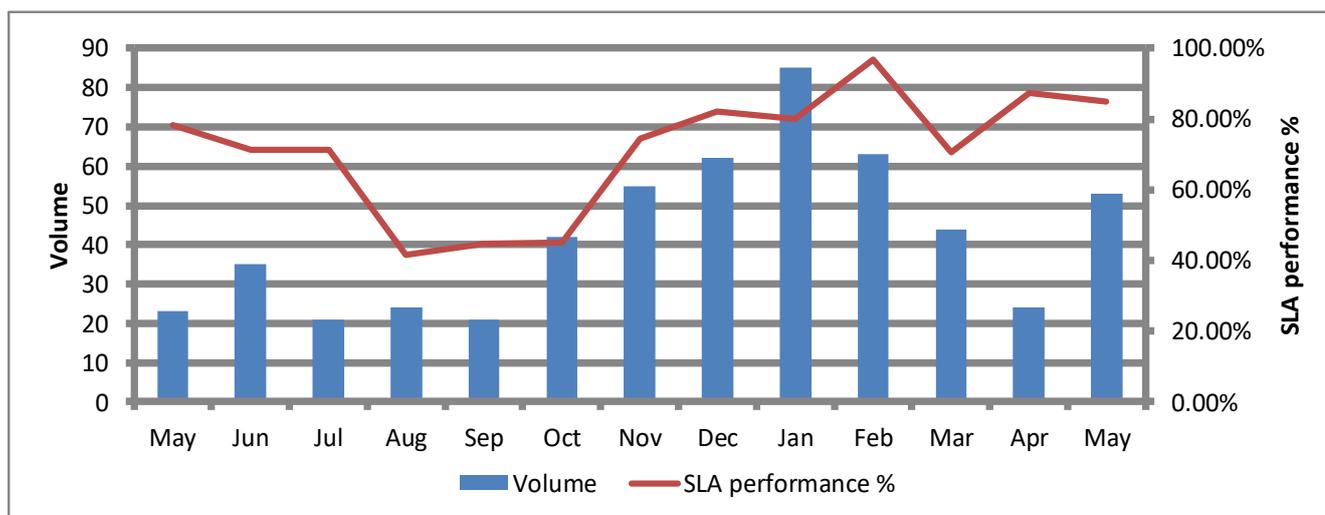
With the receipt of end of year returns from LBB employers, new starters will be identified, and any missing information requested to employers. Future performance may be impacted when new starter details are received.

SLA 6 – Retirements

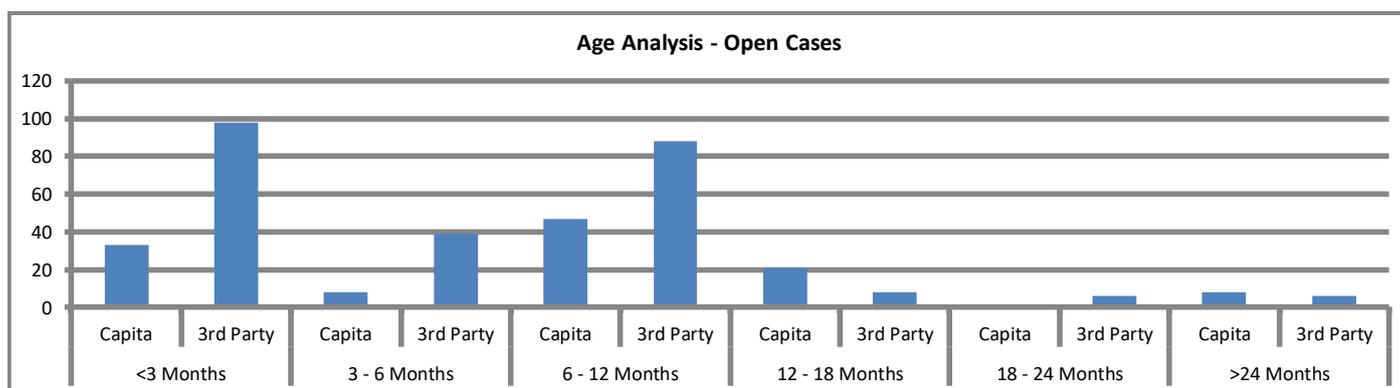
Issue retirement quote within 10 days of receipt of request & Issue retirement quote within 10 days of receipt of request

SLA Performance Percentage

84.91%



Volume received in the period	32
Volume processed in the period	53
Remaining open cases (age analysis below)	363



Performance reduced this month although we did clear a higher volume of cases, some of which will be from the aged casework

SLA 7 – Transfer In

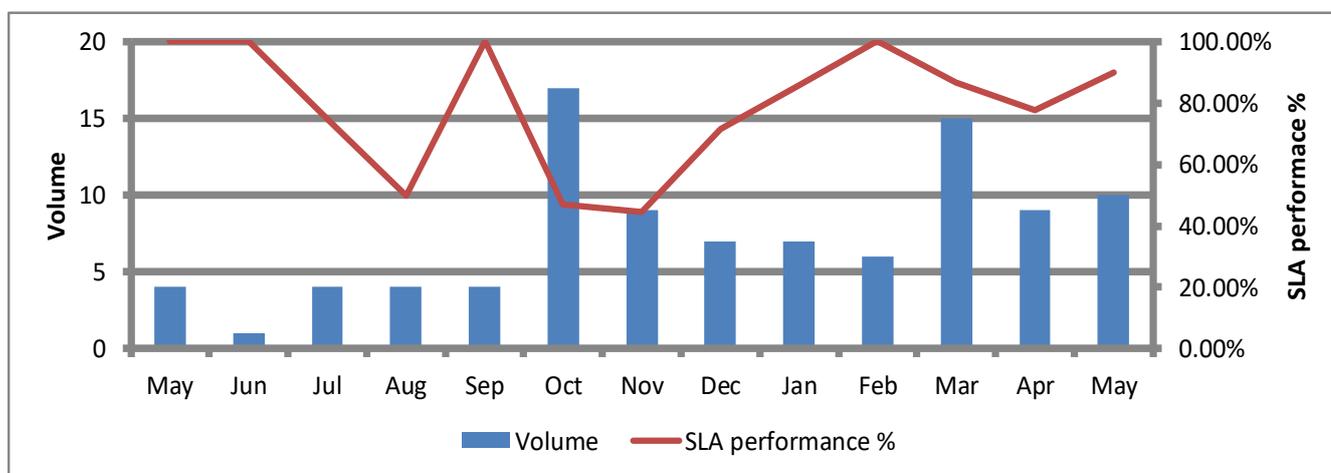
Issue request for transfer details to previous scheme within 5 days of receipt

Issue request for payment of transfer value within 10 days of receipt of member's confirmation to proceed

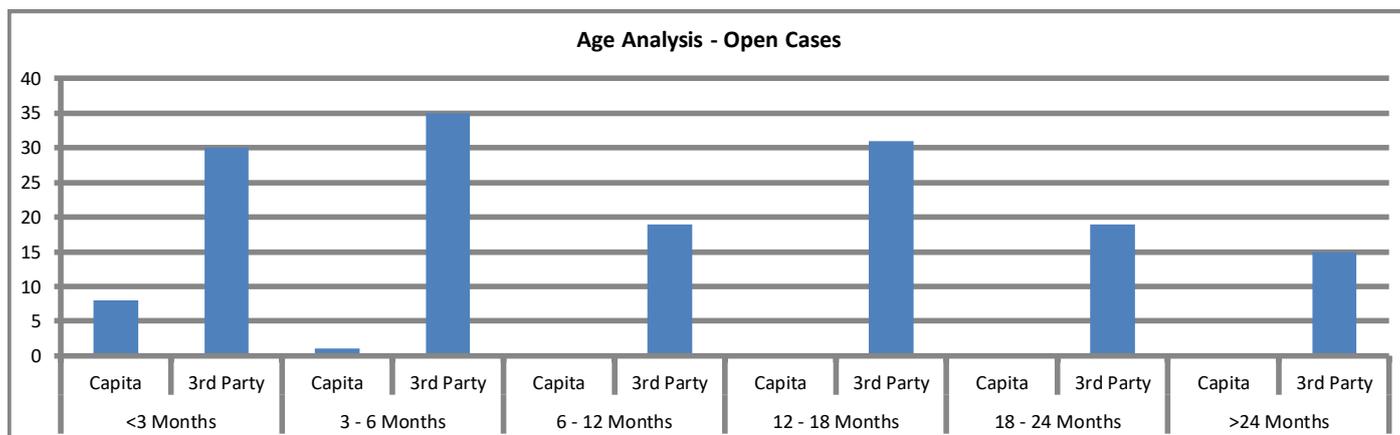
Update member record with details of transfer in within 7 days of receipt of transfer value payment.

SLA Performance Percentage

90%



Volume received in the period	10
Volume processed in the period	10
Remaining open cases (age analysis below)	158



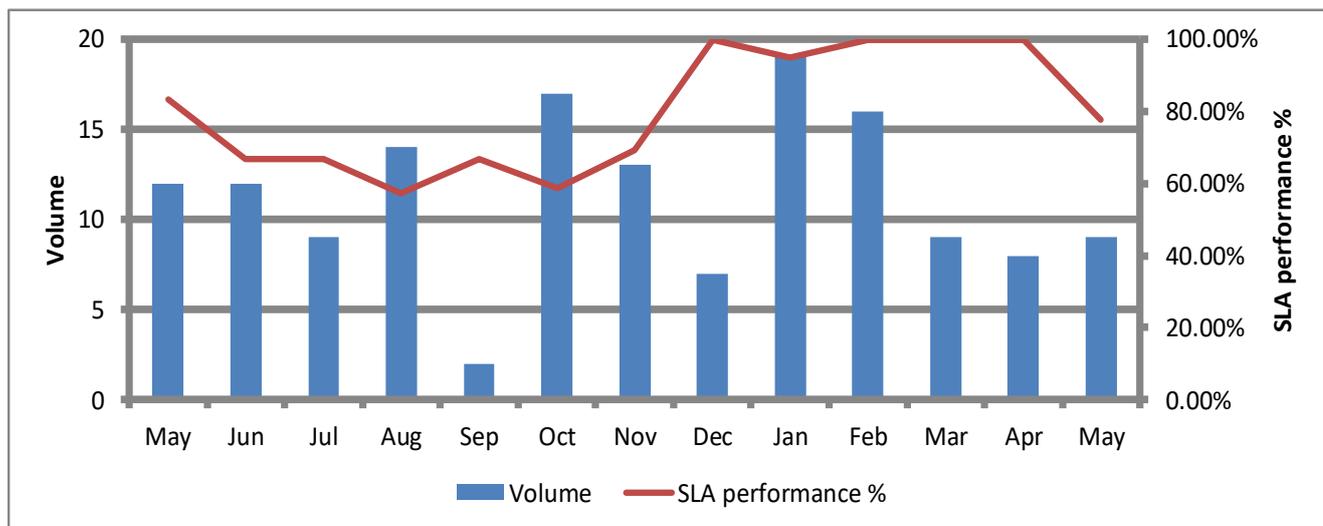
Low volumes received again this month; performance improved on April.

SLA 8 – Transfer Out

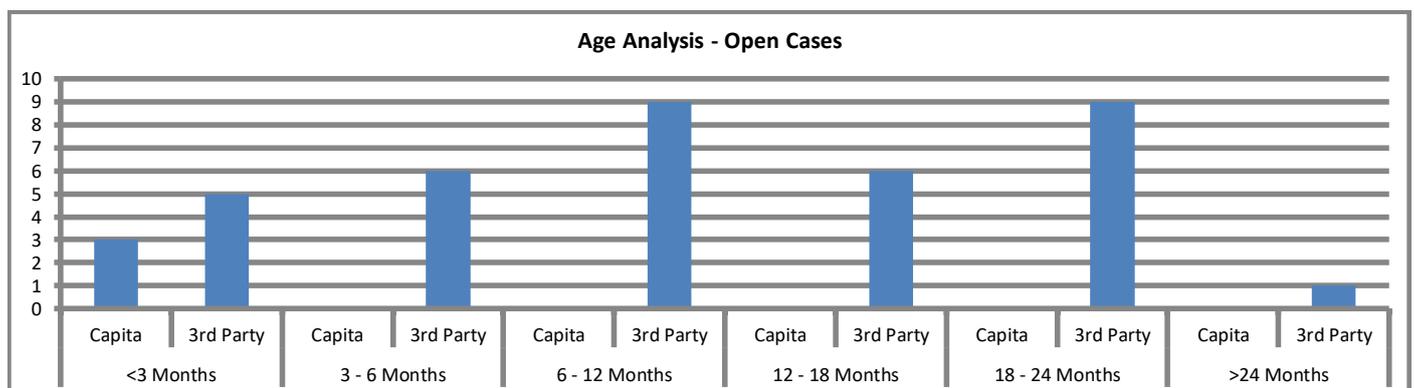
Provide details of deferred pension and TV value within 20 days of receipt of request from new scheme
Process payment of transfer value within 10 days of receipt of members confirmation to proceed

SLA Performance Percentage

77.78%



Volume received in the period	9
Volume processed in the period	9
Remaining open cases (age analysis below)	39



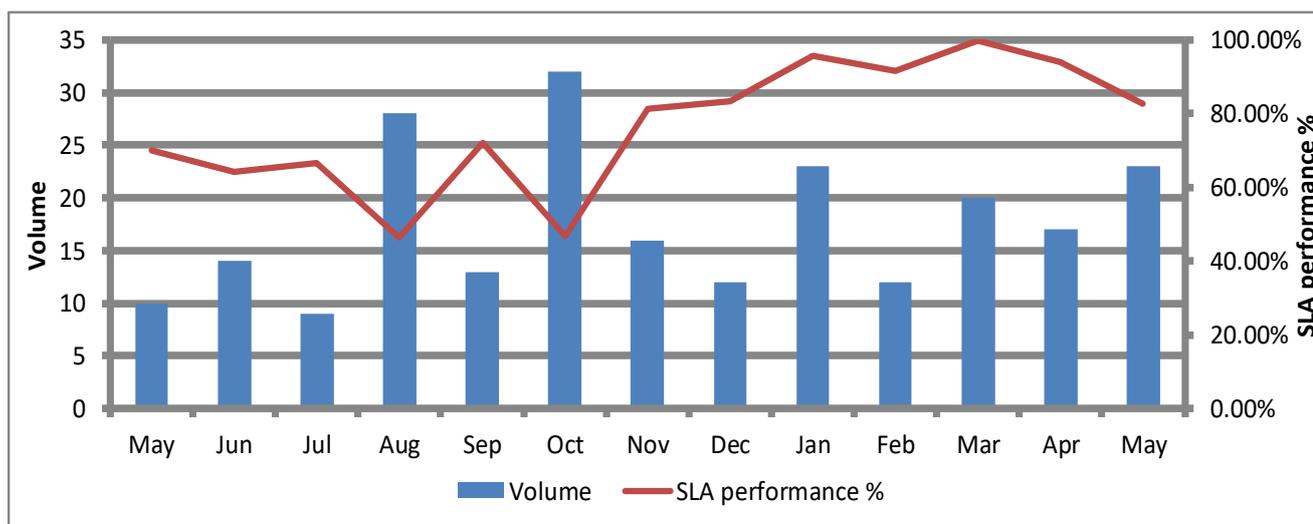
Low volume area of work which can result in a reduction in performance.

SLA 9 – Bereavements

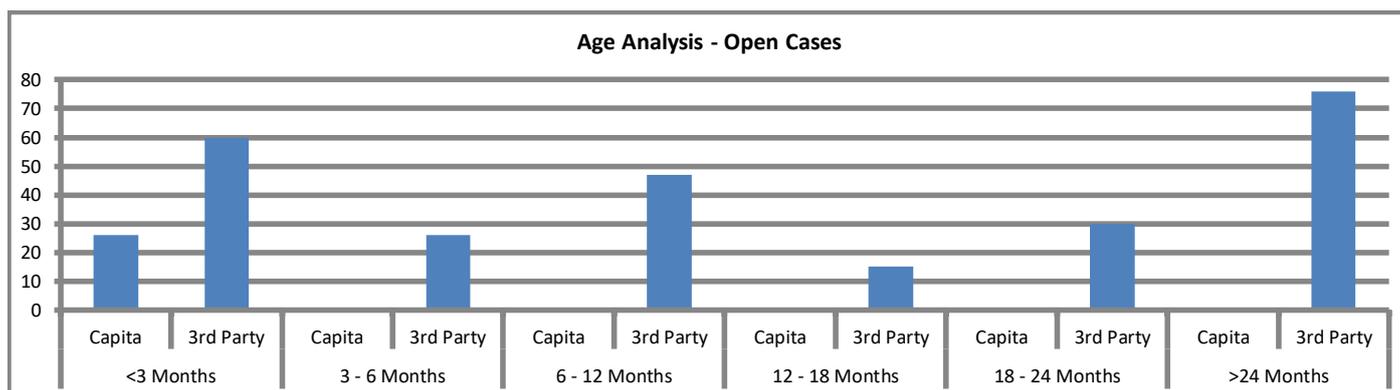
Issue details of benefits payable and death lump sum all due within 5 working days

SLA Performance Percentage

82.61%



Volume received in the period	40
Volume processed in the period	23
Remaining open cases (age analysis below)	280



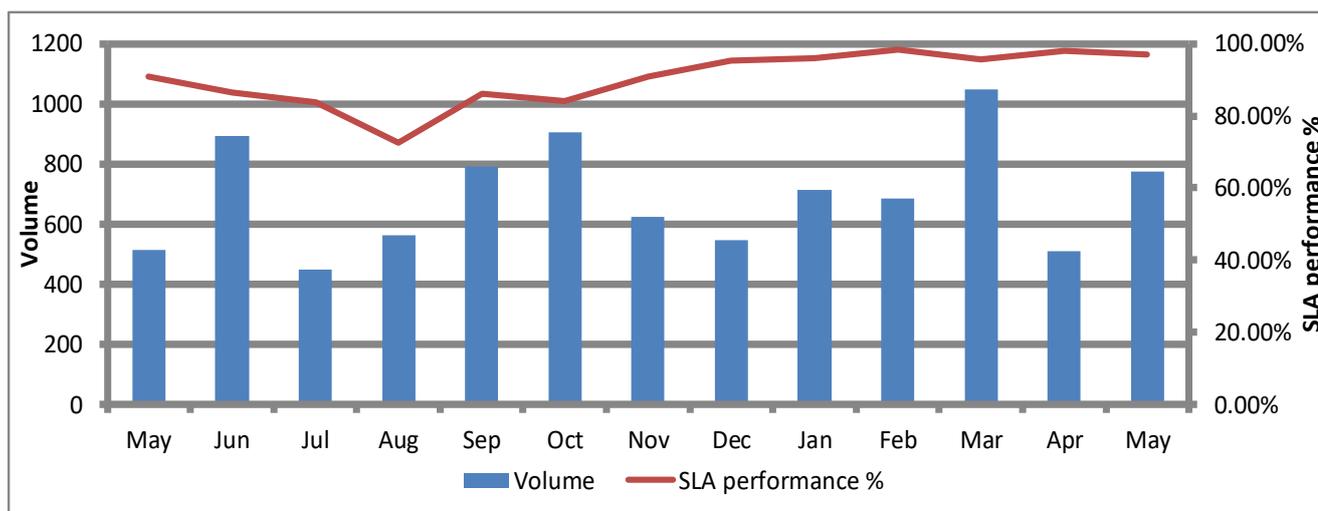
The volume of cases received has reduced this month when compared to last month. We have received 40 cases compared to the 54 cases last month. We do have a number of cases that remain at 3rd party as we wait for additional information to complete the cases. These cases will be prioritised as the information is received. We will reach out to obtain this information throughout June.

SLA 10 – Other

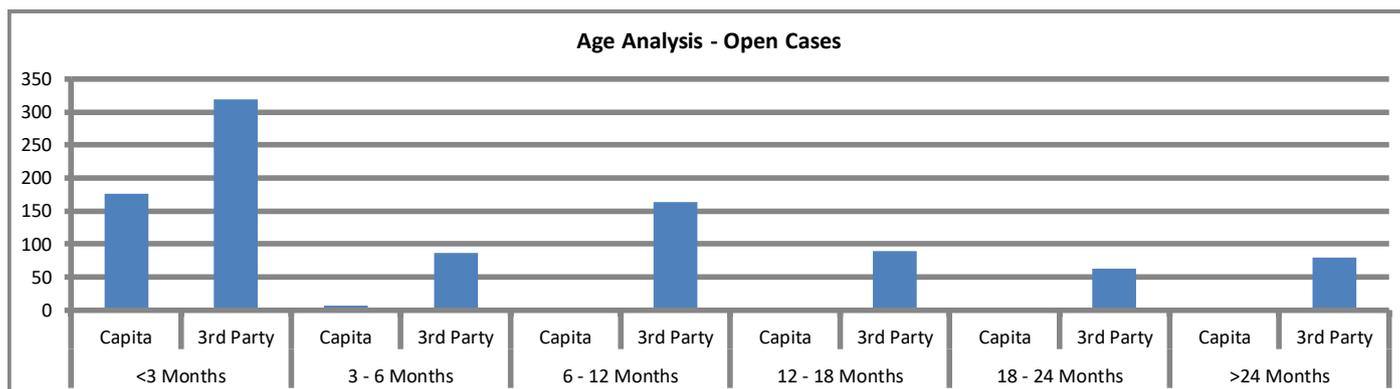
Issue appropriate documentation / response to requests for information within 10 days of receipt of request

SLA Performance Percentage

97.15%



Volume received in the period	958
Volume processed in the period	773
Remaining open cases (age analysis below)	988



Case volumes increased in May resulting in a slight reduction in SLA compliance.

Service Delivery Report May 2020

Member Helpline

There were 320 calls offered during May, bereavement calls were at a very similar level to last month. We received less call than anticipated in relation to pension increase. Overall performance increased this month.

Analysis of the reason for contact indicates the split of calls across the following options:

- Bereavement 51
- Changes 15
- Pension / Tax 137
- General 111
- P60 6

	Volume	%
Calls Offered	320	
Calls Answered	315	98.44%
Calls Abandoned	5	1.56%

Average Handling Time	409 seconds
Average queue time – Darlington	68 seconds
Percentage of calls answered in 30 seconds	76.54%

4. Quality Management

Quality Checking (QC)

Quality Checking (QC) is a process to assess an individual's competence in a particular task (or tasks) or if the complexity or risk of the task determines checking is required. It is always completed prior to the issue of any output. QC is carried out by the BAU Teams and can vary according to individual skill level, contract requirement, site and scheme. Only those who are fully competent complete QC, however it is not acceptable for someone who's own accuracy or competence level is below standard to quality check another's work. The individual who completes the QC must be different to who processed the case.

QC provides an assurance on customer experience, accuracy of processing and ongoing achievement of competency levels. Customer satisfaction is monitored through the volume of repeat enquiries and complaints with a root cause associated with the accuracy of transactions processed.

Overall quality performance is 100% for the month of May. There were 2415 transactions reviewed, of these there were no errors identified.

Complaints

The table below shows the age profile of outstanding complaints.

There are currently 3 outstanding complaints. All cases are actively chased.

Category	0 to 10 days	11 to 20 days	21 to 40 days	41 + days
Bereavement				
Transfer				
Retirement				1
Other		1		1
TOTAL		1		2

The cases currently outstanding have a root cause of as follows:

Root Cause	Volume
Delay	1
Inadequate communication	2

Closed in month

Member	Date of Receipt	Details of Case
Member DV	04/11/2019	Member is unhappy with delay in providing an update of her pension benefits.
Member EI	26/02/2020	Member claiming loss of interest as a result of having to take retirement at NPA
Member EN	16/04/2020	Rejected retirement lump sum due to incorrect information provided

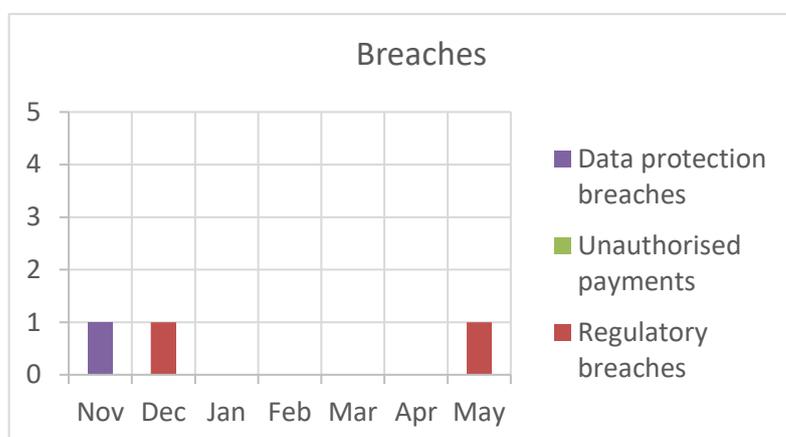
Outstanding complaints

Member	Date of Receipt	Details of Case
Member EK	06/03/2020	Delay in response to correspondence
Member EM	01/04/2020	Delay in retirement application
Member EO	11/05/2020	Member requires transcript of communications

5 Regulatory Compliance

The table below is a summary table of the breaches logged

Breaches logged	Nov	Dec	Jan	Feb	Mar	Apr	May
Disclosure breaches	0	0	0	0	0	0	0
Regulatory breaches	0	1	0	0	0	0	1
Unauthorised payments	0	0	0	0	0	0	0
Data protection breaches	1	0	0	0	0	0	0
TOTAL	1	1	0	0	0	0	1



Disclosure Breaches

In the event of breach in disclosure requirements, a report detailing the reason and the corrective action taken will be provided

Breaches logged	Nov	Dec	Jan	Feb	Mar	Apr	May
Disclosure breaches	0	0	0	0	0	0	0

In the event of breach in disclosure requirements, a report detailing the reason and the corrective action taken will be provided

Commentary:
No cases to report

Regulatory Breaches

The Pensions Act 2004 requires reporting breaches, or potential breaches of the regulations to The Pensions Regulator (TPR). Breaches will also be reported to the London Borough of Barnet. Where breaches occur, they will be classified under the following levels:

Service Delivery Report
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Status	Description
Red	A breach may pose a risk to members' interests. This breach is reportable to TPR and the London Borough of Barnet immediately.
Amber	A breach depends on individual circumstances. This breach has been investigated and a decision made if it is reportable to TPR.
Green	A breach that is an isolated incident and not reportable to TPR.

Breaches logged	Nov	Dec	Jan	Feb	Mar	Apr	May
Regulatory breaches	0	1	0	0	0	0	1

Commentary:

Case due for review not identified in timely manner, process reviewed and information re-iterated to the team

Unauthorised payments

The Registered Pension Schemes (Provision of Information) Regulations 2006 legislates for unauthorised payments. If an unauthorised payment, or a potential unauthorised payment is discovered, the London Borough of Barnet will be notified.

Breaches logged	Nov	Dec	Jan	Feb	Mar	Apr	May
Unauthorised payments	0	0	0	0	0	0	0

Commentary:

No cases to report

Data Protection Breaches

Breaches logged	Nov	Dec	Jan	Feb	Mar	Apr	May
Data protection breaches	1	0	0	0	0	0	0

Commentary:

No cases to report

6 Risks

Significant Risks update

Section Under Review

7 Finance

7.1 Finance Dashboard

	Task to be measured	RAG status			Task description	Contract measure	RESULTS (in % terms where grey)			Measurement
		Previous	Current	Forecast*			Last month	This month	Movement	
ACCOUNTS	Closing bank balance			→	Balance in Capita re. LBB bank account at the month-end	n/a	24,216,044.73	4,489,509.21	-19,726,535.52	n/a - movements monitored via cashflow and reconciliation
	Submit Integra journal to LBB			→	Month-end AcLink Trial Balance finalised and checked before figures are populated to the integra journal, checked and signed off	WD10	WIP	WIP	n/a	by WD 10
	Bank account reconciliation			→	Reconcile bank account per AcLink Trial Balance. Due by working day 10 hence reported one month in arrears on dashboard	Reported to CES risk team monthly	WIP	WIP	n/a	by WD 10
	Control account reconciliations			→	Volume of reconciled control accounts per AcLink Trial Balance. Due by working day 10 hence reported one month in arrears on dashboard	Reported to CES risk team monthly	WIP	WIP	n/a	by WD 10
PAYROLL	Barnet payrolls ran and paid on time			→	Confirmation that both Barnet payrolls (mid-month and month-end) were processed and paid on time	n/a	2	2	0	All payrolls ran and paid on time, if not then RED
	Volume of payments processed			→	Total number of payments processed per the payroll control reports	n/a	8,035	8,034	0.01%	Green = less than 1%, Amber = less than 5%, Red = greater than 5%
	Volume of rejected payments			→	Total number of payments rejected per the payroll control reports	n/a	2	4	-2	Green = less than 1%, Amber = less than 5%, Red = greater than 5%
	% of rejects versus payments paid			→	Percentage of rejected records against payments processed	n/a	0.02	0.05	-0.02	Green = less than 1%, Amber = less than 5%, Red = greater than 5%
	HMRC PAYE payover			→	PAYE due is paid to HMRC in line with statutory payment deadlines	Statutory deadline = 22nd	n/a	n/a	n/a	Green = Paid by 22th, Amber = Late, Red = Outstanding
	HMRC AFT returns			→	AFT returns due are reported and paid to HMRC in line with statutory payment deadlines	Statutory deadline = paid within 45 days of quarter ending	Not due	Not due	n/a	Green = All paid on time, Amber = any paid late, Red = any outstanding

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CONTRIBUTIONS	Late payers of contributions			→	Number of employers failing to pay by the 22nd deadline for current month contributions due	n/a	1	1	0	Green = less than 5%, Amber = less than 10%, Red = greater than 10%
	Late payers of contributions (%)			→	Number of employers failing to pay by the 22nd deadline for current month contributions due expressed as a % of the current population	n/a	1.1	1.1	0.0	Green = less than 5%, Amber = less than 10%, Red = greater than 10%
	Outstanding current month contributions			→	Number of employers failing to pay by the 22nd deadline for current month contributions due that remain outstanding.	n/a	2	2	0	Green = less than 1%, Amber = less than 5%, Red = greater than 5%
	Outstanding current month contributions (%)			→	Number of employers failing to pay by the 22nd deadline for current month contributions due expressed as a % of the current population	n/a	2.2	2.2	0.0	Green = less than 1%, Amber = less than 5%, Red = greater than 5%
	Outstanding prior month contributions			→	Volume of outstanding prior month contributions due to the scheme	n/a	22	24	2	Green = 5 or less, Amber = 6-10, Red = more than 10
	Outstanding contribution breakdown slips for current month			→	Volume of breakdown slips in respect of the current month outstanding at the month-end	n/a	0	1	1	Green = 5 or less, Amber = 6-10, Red = more than 10
	Outstanding contribution breakdown slips for current month (%)			↘	Volume of outstanding current month contribution breakdown slips expressed as a % of the current population	n/a	0.0	1	1.1	Green = less than 1%, Amber = less than 5%, Red = greater than 5%
	Volume of outstanding contribution breakdown slips for prior month			→	Volume of breakdown slips in respect of prior months outstanding at the month-end	n/a	0	0	0.00	Green = Less than 10, Amber 10-20, Red = 21 plus
	Current month employer tolerance breaches			→	Volume of employers where current month's contributions create a tolerance breach (current measure is 10%)	n/a	1	3	2.00	Green = Less than 10, Amber 10-20, Red = 21 plus
	Employer new breakdown form submissions			→	Volume of employers submitting new contributions form expressed as a % of the employer population	n/a	100	99	-1.10	Green = 95-100%, Amber = 90-94.9%, Red = below 90%
Member contributions data coverage			→	Approximate coverage of member contributions data expressed as a % of the member population	n/a	100	99	-1.00	Green = 95-100%, Amber = 90-94.9%, Red = below 90%	

Service Delivery Report

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DEBT	Volume of overpayments invoices			↘	Volume of new member overpayments invoices raised during the current month	n/a	7	10	3	Green = Less than 10, Amber 10-20, Red = 21 plus
	Value of overpayment invoices			→	Value of new member overpayments invoices raised during the current month	n/a	15,838	2,698	-13,140	Green = less than £2.5k, Amber £2.5k - £5k, Red = £5k plus
	Volume of outstanding overpayment invoices			→	Volume of all outstanding member overpayment invoices as at the month-end	n/a	32	39	7	Green = less than 250 cases, Amber = 250-500 cases, Red = 500 cases plus
	Value of outstanding overpayment invoices			→	Value of all outstanding member overpayment invoices as at the month-end	n/a	75,503	72,543	-2,960	Green = Less than £250k, Amber = £250k - £500k, Red = £500k plus
	Volume of employer strain invoices			→	Volume of new employer strain invoices raised during the current month	n/a	2	2	0	Green = Less than 10, Amber 10-20, Red = 21 plus
	Value of employer strain invoices			↘	Value of new employer strain invoices raised during the current month	n/a	3,402	116,992	113,590	Green = Less than £100k, Amber £100k-£200k, Red = £200k plus
	Volume of outstanding strain invoices			→	Volume of all outstanding employer strain invoices as at the month-end	n/a	30	30	0	Green = less than 20, Amber = 20-50, Red = 51 plus
	Value of outstanding strain invoices			→	Value of all outstanding employer strain invoices as at the month-end	n/a	580,123	677,929	97,806	Green = Less than £400k, Amber £400k-£1m, Red = £1m plus

*NOTE - the forecast arrows reflect the expected RAG status next month following management assessment of any relevant historical trends, current month performance to date and known activities through to the month-end likely to impact - both positively and negatively - on the final positions

7.2 Finance and Payroll Executive Summary

Headlines	
1	Finance dashboard features no red flag measures for this month, all other measures reported green or amber results.
2	Excellent overall contributions reporting results again this month.
3	Contributions reporting featured no cases to report to the Pensions Regulator.

ACCOUNTS – Reconciliations

The integra journal for May (fed by the general ledger postings download from AcLink) is on course to be submitted by the working day ten deadline at the time of writing. The bank account reconciliation is completed as part of this exercise and the control account reconciliations are also on schedule to be completed on time. We can confirm that last month's versions were completed on time.

The monthly cashflow tracker did not highlight any points of note and this continues to be monitored on a daily basis.

ACCOUNTS – Audit

The final audit action will be closed in early May once follow up evidence has been provided to the audit team.

PAYROLL – Performance across key measures

There were no issues to report in respect of payroll this month with minimal rejected payments reported again.

CONTRIBUTIONS – Late & Outstanding payers

As consistently reported in previous months reports Green Sky Cleaning, following the takeover by Atlas Cleaning, remains the only employer with potential prior and current month outstanding contributions to the scheme per annex LBB-01. As a result we report a red dashboard measure in respect of prior months outstanding contributions.

One employer paid their contributions late for the reporting period, Allied Healthcare paid late but within 1 working days of the due date providing apologies.

CONTRIBUTIONS – Missing Breakdown Forms

Annex LBB-03 reported no employers for failure to submit key data within the forms receive. Annex LBB-04 reported one employers who have failed to submit their contribution forms for the month. Barnet & Southgate have corresponded and the matter is due to be closed upon receipt.

Data coverage – The finance dashboard reported 99% of employers submitting a new form correctly the same as last month. This represented 99% of the membership equal to the previous month.

CONTRIBUTIONS – Analytics Review inc. tolerance breaches	
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Annex LBB-05 reporting three employers who have breached the 10% tolerance, now identified they will fall into the standard chaser process to determine the reason behind the variances.

CONTRIBUTIONS – The Pensions Regulator Breach Reporting	
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There were no items are reportable this month.

DEBT – Member Overpayments	
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Ten new overpayments were raised during May worth £2.6k. The outstanding balance at the month-end was £72.5k (down by £2.9k from £75.5k last month) consisting of 39 invoices.

The May Debtor Report, consisting of member overpayments and strain invoices, will be shared with LB of Barnet.

DEBT – Employer Strain Costs	
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We are reporting two new strain invoices this month. The current volume of outstanding invoices is 30 – no change from last month but are worth £677k up from £580k last month.

PROJECTS – Innovations & IT Developments	
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Implementation of Overpayment reminder process has been agreed and implemented.

PEOPLE MANAGEMENT	
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No items of note.

FORWARD LOOK	
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The main Finance and Payroll priorities looking ahead are:

- Continue to actively review any outstanding cases and take appropriate action.
- Liaise with employers to resolve any queries and chase up outstanding paperwork/payments.
- Contribute to transition plan activities as required.

8 Appendices

Appendix 1

Case Group	<3 Months		3 - 6 Months		6 - 12 Months		12 - 18 Months		18 - 24 Months		>24 Months	
	Capita	3rd Party	Capita	3rd Party	Capita	3rd Party	Capita	3rd Party	Capita	3rd Party	Capita	3rd Party
<i>Change of details</i>	18	0	0	0	0	0	0	2	0	0	0	0
<i>Enquiries</i>	56	7	0	1	1	3	0	4	0	0	0	0
<i>Request for Estimate of Benefits</i>	6	18	0	8	0	39	0	1	0	0	0	0
<i>Leavers</i>	16	90	1	136	8	744	0	241	0	193	0	98
<i>New Starters</i>	17	0	0	0	0	0	0	0	0	0	0	0
<i>Retirements</i>	33	98	8	39	47	88	21	8	1	6	8	6
<i>Transfers In</i>	8	30	1	35	0	19	0	31	0	19	0	15
<i>Transfers Out</i>	3	5	0	6	0	9	0	6	0	9	0	1
<i>Bereavements</i>	26	60	0	26	0	47	0	15	0	30	0	76
<i>Other</i>	176	319	7	87	2	164	1	89	0	63	0	80
Total	359	627	17	338	58	1113	22	397	1	320	8	276

Appendix 2

Strain costs for 2018/19

Anonymised	Employer	Invoice to:	DoR	In Payt	Actual Strain £	Invoice Date	Invoice No	Date Paid
Member B1	BAR0002	Hendon School / EPM	13/05/2018	Y	15,723.69	23/08/2018	8396	05/03/2019
Member M	BAR0002	Hendon School / EPM	13/05/2018	Y	15,066.41			
Member Ma	BAR0002	Hendon School / EPM	13/05/2018	N				
Member A	BAR0002	Hendon School / EPM	27/07/2018	Y	30,759.83	26/11/2018	8410	
Member H	BAR0018	St Michael's Catholic	31/08/2018	Y	8,596.61	26/11/2018	8401	19/02/2019
Member W	BAR0018	St Michael's Catholic	31/08/2018	Y	94,648.64	26/11/2018	8402	19/02/2019
Member B	BAR0018	St Michael's Catholic	31/08/2018	Y	5,036.20	26/11/2018	8400	19/02/2019
Member G	BAR0085	Capita CSG	01/04/2018	Y	70,207.98	26/11/2018	8411	
Member S	BAR0085	Capita CSG	30/06/2018	Y	42,629.28	14/10/2019	8452	
Member R	BAR0085	Capita CSG	31/05/2018	Y	5,628.56	26/11/2018	8412	
Member K	BARNET	St Paul's C of E	31/08/2018	Y	1,231.48	26/11/2018	8413	
Member C	BARNET	CES - St Paul's C of E	31/08/2018	Y	12,202.53	26/11/2018	8406	
Member Ba	BARNET	Colindale Primary	31/08/2018	Y	28,926.43	26/11/2018	8407	
Member Ka	BARNET	CES - Woodcroft Primary	31/08/2018	Y	1,368.64	26/11/2018	8409	
Member Ca	BARNET	CES - Woodcroft Primary	31/08/2018	Y	424.37	26/11/2018	8408	
Member Aa	BARNET	LBB - N11 1NP	30/04/2018	Y	20,249.07	26/11/2018	8404	03/05/2019
Member J	WSC06463	MSEX UNIV	31/07/2018	Y	31,374.43	06/06/2019	8430	10/01/2020
Member D	WSC06463	MSEX UNIV	16/11/2018	Y	32,070.28	11/02/2019	8420	10/01/2020
Member Bb	WSC06463	MSEX UNIV	30/06/2018	Y	58,855.42	13/08/2018	8395	24/08/2018
Member L	WSC06463	MSEX UNIV	15/03/2019	Y	3,030.56	18/07/2019	8435	19/08/2019
Member Ha	WSC06463	MSEX UNIV	07/12/2017	Y	241.52	11/02/2019	8419	10/01/2020
Member Ga	BARNET	Copthall School	31/10/2015	Y	4,458.34	11/02/2019	8418	
Member La	WSC06463	MSEX UNIV	31/08/2017	Y	3,438.56	14/10/2019	8449	10/01/2020

Service Delivery Report
May 2020

Strain cost 2019/20

Anonymised	Employer	Invoice to:	DoR	Actual Strain £	Invoice Date	Invoice No	Date Paid
Member Ja	Barnet Council	Barnet Council	01/04/2019	13,102.16	10/06/2019	8431	
Member Ra	Barnet Council	Barnet Council	10/06/2019	58,682.73	01/07/2019	8432	
Member Lb	Capita CSG	Capita CSG	22/06/2017	2,628.22	19/08/2019	8440	
Member P	St Marys CE Primary	St Marys CE Primary	22/04/2019	1,878.61	19/08/2019	8441	24/09/2019
Member Ha	Barnet Homes	Barnet Homes	30/04/2019	47,476.52	26/09/2019	8446	
Member Cc	Middlesex Uni	Middlesex Uni	31/07/2019	2,965.52	14/10/2019	8447	10/01/2020
Member Lc	Middlesex Uni	Middlesex Uni	31/08/2017	3,438.56	14/10/2019	8449	10/01/2020
Member S	Barnet Council	Barnet Council	01/04/2019	150,583.77	14/10/2019	8450	
Member Oa	Colindale Primary School	Colindale Primary School	31/08/2019	18,727.28	14/10/2019	8451	10/01/2020
Member Sa	Capita CSG	Capita CSG	30/06/2018	42,629.28	14/10/2019	8452	
Member E	Middlesex Uni	Middlesex Uni	31/08/2019	17,950.98	31/10/2019	8453	10/01/2020
Member Ab	Frith Manor primary	Frith Manor Primary	31/05/2019	5,480.29	11/11/2019	8455	
Member Y	St Josephs	St Josephs	31/08/2019	6,995.46	11/11/2019	8457	04/02/2020
Member O	Hollickwood	Capita Carlisle	31/08/2019	14,499.03	11/11/2019	8458	
Member Ta	Middlesex Uni	Middlesex Uni	31/08/2019	31,461.32	19/11/2019	8459	13/12/2019
Member Sb	Middlesex Uni	Middlesex Uni	30/09/2019	3,227.61	19/11/2019	8460	13/12/2019
Member Ha	St Catherines	St Catherines	31/08/2019	2,036.80	21/11/2019	8461	06/12/2019
Member Ld	Middlesex Uni	Middlesex Uni	31/07/2019	4,289.95	19/12/2019	8463	10/01/2020
Member Ad	Middlesex Uni	Middlesex Uni	30/09/2019	93,356.45	19/12/2019	8464	10/01/2020
Member Mc	Middlesex Uni	Middlesex Uni	30/09/2019	9,281.83	31/12/2019	8465	10/01/2020
Member Jb	Middlesex Uni	Middlesex Uni	31/03/2019	£8,111.89	07/01/2020	8466	
Member Bd	Middlesex Uni	Middlesex Uni	31/07/2019	18,265.54	07/01/2020	8467	
Member G	Barnet Homes	Barnet Homes	31/05/2019	16018.44	13/01/2020	8469	
Member T	St Marys CE Primary	St Marys CE Primary	22/04/2019	3,775.39	23/01/2020	8456	

Service Delivery Report
May 2020

Member Db	St Catherines	St Catherines	31/12/2019	17845.8	23/01/2020	8470	07/02/2020
Member Da	Middlesex Uni	Middlesex Uni	30/09/2019	-			
Member Ac	St Marys CE Primary	St Marys CE Primary	22/04/2019				
Member Bc	Hollickwood	Capita Carlisle	31/08/2019				
Member W	Middlesex Uni	Middlesex Uni	31/07/2019				
Member Cb	St Marys & St Johns	St Marys & St Johns	31/08/2019				
Member Mb	Hendon School	Hendon School	13/05/2018				
Member F	Middlesex Uni	Middlesex Uni	30/09/2019	10751.17	13/02/2020	8473	
Member Mc	Hendon School	Hendon School	13/05/2018	15066.41	13/02/2020	8472	
	All Saints' CofE School	Capita Carlisle	31/10/2019	15,848.95	24/02/2020	8474	
	Underhill School	Underhill School	31/08/2019	1,208.88	28/04/2020	8479	
	Middlesex Uni	Middlesex Uni	31/01/2020	1271.39	05/05/2020	8480	
Member	Barnet Homes	Barnet Homes	31/08/2019	115721.56	21/05/2020	8481	
	Capita DRS	Capita DRS	11/03/2020	£14,706.18.	02/06/2020	8482	
Member	Middlesex Uni	Middlesex Uni	30/06/2020	£72,970.73			
Member	Capita	Capita	31/05/2019	£17,117.55			

Strain cost 2020/21

						Finance Use		
Anonymised	Employer	Invoice to:	DoR	In Payt	Actual Strain £	Invoice date	Invoice no	Date paid
	Middlesex Uni	Middlesex Uni	31/12/2019	06/04/2020	5596.81	20/04/2020	8477	



Weekly Client Reporting - London
Borough of Barnet
Monday 08 June 2020

Prepared By:

Capita

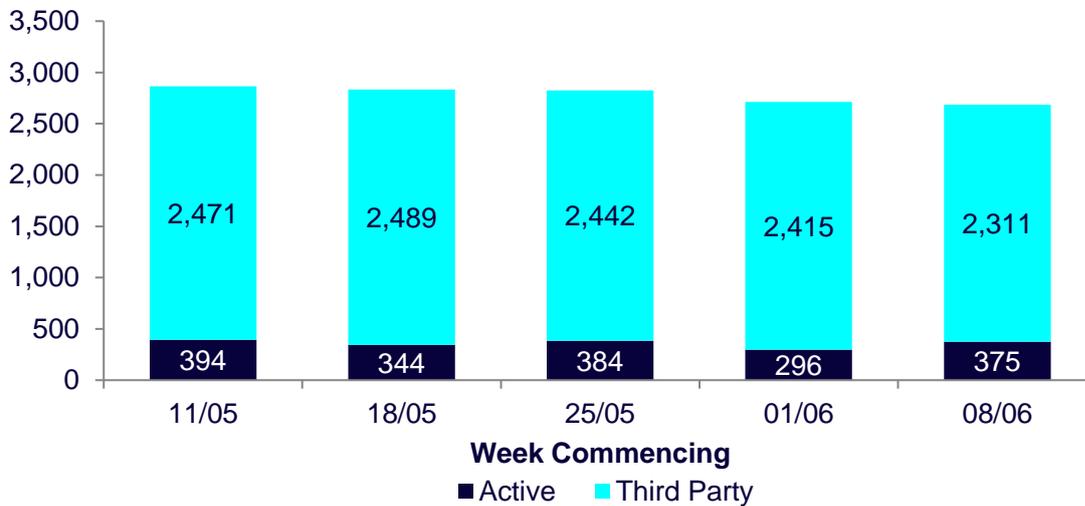
08/06/2020

www.capitaemployeesolutions.co.uk

1. Work in progress (WIP)

The work position is split between active cases that are workable and third party cases that are pending an action (e.g. awaiting forms from the member). These are sub divided between the cases within SLA and the cases outside of SLA. Please note that this excludes internal SLAs that are not covered by the contract.

Active / TP	Status	05/08	Rolling five weeks				
			11/05	18/05	25/05	01/06	08/06
Active	In SLA	201	365	305	341	277	372
	Out of SLA	889	29	39	43	19	3
Third Party	In SLA	1,357	2,331	2,351	2,307	2,286	2,190
	Out of SLA	56	140	138	135	129	121



The current breakdown based on active cases is as follows:

Category	Pass	Fail	Fail Age Profile			
			0-15	16-30	31-60	61+
Deaths	23	0	0	0	0	0
Enquiries	93	0	0	0	0	0
Estimates	10	0	0	0	0	0
Leavers	64	0	0	0	0	0
Retirements	55	1	1	0	0	0
Transfers	24	0	0	0	0	0
Other	103	2	2	0	0	0
Total	372	3	3	0	0	0

2. Operational Commentary

The volume of work outstanding has increased; however, we now only have 3 workable cases outside of SLA. All 3 cases are 1 day outside of SLA.

A further review of outstanding cases where members had not claimed their retirement benefits at NRD will be undertaken over the coming week to determine what next steps can be taken with the remaining cases.

Additional reports are attached which provide information in relation to the assumed leaver cases. The volume of cases has now reduced from 930 to 630.

Information in relation to outstanding non workable (3rd party cases) is also attached. Volume of cases has reduced to 863

We have yet to see an influx of responses from the 740 leaver cases sent to Mark Fox and Capita HR. The additional information requested by Capita HR was provided.

Reminders for the remaining leaver cases (374) and the retirement cases (286) were completed by the end of last week.

A review of bereavement cases and lost contact cases will be allocated for completion this week.

In total, the team supporting have reviewed and taken action where possible on 1,400 cases. As we receive responses to all these reminders, we plan to allocate the resulting work between the core team and the additional resource depending on the volumes in each area of work.

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EMPLOYER UPDATE – JUNE 2020

Welcome to an update from the Pensions Team at Barnet Council. We hope you are all safe and coping well in these unprecedented times.

This update is to keep you informed of developments and issues relating the Barnet Fund LGPS. For further information on any topic covered before or for any pensions related questions, please contact Mark Fox (details at the end of this update).

COVID-19

Both staff at the fund administrators, Capita, and Officers in the Barnet Pensions Team are working at home, and it remains business as usual. At present, there has been no reduction from the normal Capita service levels.

Pension payments to pensioners continue to be paid as normal. If you have any issues with the service provided by Capita, please contact Mark Fox.

If you have any questions regarding the operation of the LGPS during the pandemic, please visit the Q&As for employers LGPS website, which can be found on the following link:

<http://lgpsregs.org/news/covid-EFAQs.php>

If your query is not answered by these Q&As, please contact a member of the Barnet Pensions Team.

Transfer of pensions administration services

As you may be aware, on 3 March, the Council approved the recommendation that the pensions administration for the Fund be moved from Capita to the West Yorkshire Pension Fund (WYPF). This is currently scheduled to take place on 1 November 2020.

As well as administering their own fund, WYPF also administer the Lincolnshire and Hounslow LGPS funds, along with over 30 Firefighter Schemes.

The transfer to WYPF will result in some changes in the way that scheme employers in the Barnet Pension Fund interact with our administrator (see below regarding Monthly Returns).

Further updates will be issued as the transition date gets closer and the Barnet Pensions Team will arrange a conference call/meeting for all employers in September. Representatives from WYPF will also attend to provide more details on the changes to processes once the transition is completed.

We would also ask you to look ahead a few months to see if you have any members due to reach their scheduled retirements age between 15 October and 31 October. If so, it would be helpful if you could get all the paperwork to Capita earlier than usual so that the cases can be processed ahead of the 15 October (when Capita will start to wind down their administration services).

In the meantime, please continue to contact Capita as normal.

Monthly Contribution Returns

The transfer of the administration to WYPF will mean a new monthly contribution return and process for the payment of contributions.

We do not anticipate that these changes will be too onerous for employers. Further details will be provided to employers in August/September. If the transfer to WYPF takes place on 1 November, the new changes will start with the submission of the October contribution returns due in November.

To test the new processes, we would like to ask a small sample of employers to complete the WYPF contribution returns, alongside the current returns sent to Capita, and send these to WYPF. We have contacted the selected employers to ask if they are willing to assist in this testing.

You should note that all employers will be required to complete backdated WYPF monthly contribution returns from April 2020, once the transfer of administration has been completed.

For your information, attached is the WYPF monthly contribution return and accompanying notes. You may wish to start completing this form now in parallel with the Capita return for the months from April onwards, to avoid having to complete and send backdated returns to WYPF, once the transition is complete.



WYPF - Monthly
Return Specification

Triennial Valuation

You should have now received confirmation of your new employer contribution rate effect from April 2020, together an individual valuation results schedule.

The funding level for the Fund overall has improved from 73% as at 31 March 2016 to 86% as at 31 March 2019, with an overall deficit of £190 million.

Whilst the immediate impact of the COVID-19 pandemic has affected the funding level, it should be remembered that pension scheme funding is a long-term investment. Financial markets have partially recovered their March losses and the next review of contribution rates is two years away.

Fund Website

Just a reminder that the website for the fund can be found at:

<https://www.barnet.gov.uk/your-council/finance-funding-and-pensions/local-government-pension-scheme>

Updates and new documents are periodically uploaded onto the website.

Once the transfer of the administration to WYPF takes place, a new website will be set up for the Fund.

Annual Benefit Statements (ABS)

The year end returns were due to be completed and returned to Capita by 1 May. If you or your payroll provider has not yet done this, please could you arrange for this to be completed as soon as possible. If Capita raise any queries regarding your end of year return, could these be dealt with urgently please.

This will help to ensure that all members receive their ABS by the deadline date of 31 August.

Please could you also ensure that you have sent Capita the relevant forms for all members who have joined or left the Fund during 2019/20.

The email address for the Barnet Fund at Capita is barnetpensions@capita.co.uk

New Contractors

If you decide to change contractor and their employees are eligible for membership of the LGPS, please could you let the Barnet Pensions Team know as soon as possible please.

This will help us to keep track of participating employers in the Fund and arrange for new Admission Agreements to be issued and provide cessation valuations for the previous contractors.

Forms and processes

Just a reminder that the forms to be completed and brief explanation of the Capita processes can be found on the attachment below:



20200305 Barnet
procedure manual.x

If you have any questions regarding the forms or processes, please contact Mark Fox.

Technical updates

Please see the Actions Points from the latest Local Government Association bulletin in relation to the LGPS. These Action Points are also uploaded onto the Barnet Fund website.

If you wish to discuss any item included on this document, please contact Mark Fox.



Action points from
Bulletin 197 (Barnet)

Expression of Wish forms

You may wish to remind members that they may wish to complete an Expression of Wish form (or if they have already completed a form and their circumstances have changed). This form assists when deciding who should receive any lump sum death grant which may become payable. A copy of this form is attached below:



Pen16 - EOW
form.docx

Barnet Pensions Team

The Officers in the Barnet Pensions Team are as follows:

Mark Fox – Pensions Manager

0208 359 3341 mark.fox@barnet.gov.uk

Gavin Roberts - Pensions Operations Manager

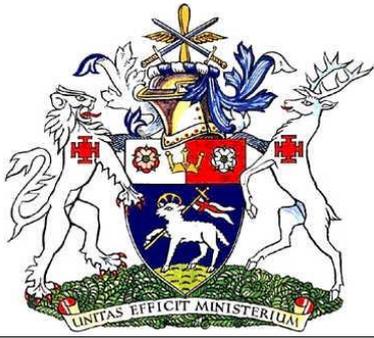
0208 359 2863 gavin.roberts@barnet.gov.uk

George Bruce – Head of Pensions

0208 359 7126 george.bruce@barnet.gov.uk

Nigel Keogh – Strategic Pensions Consultant

0208 359 2208 nigel.keogh@barnet.gov.uk



Local Pension Board

25 June 2020

Title	Pensions Administration Risk Register
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Risk Register (June 2020)
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.

Recommendations

The Local Pension Board are requested to note the most recent risk register

1. WHY THIS REPORT IS NEEDED

- 1.1 It is important that the Council maintain the Pensions Administration Risk Register to help protect members of the LGPS.
- 1.2 The most recent Pensions Administration Risk Register can be found in Appendix A.
- 1.3 The risk register has been updated for the following risks and new risks have been identified and added:
 - 1.3.1 **PB002** – Officers continue to review and request that administration records are updated by Capita to capture all the data provided by employers in their March 2019 annual returns. In addition, Officers will be reviewing that data received from employers in the March 2020 end of year returns and ensuring that Capita make the necessary and correct updates to the member records.
 - 1.3.2 **PB003** – to avoid the issues that arose with the production of the 2019 benefit statements, Officers are assisting Capita with chasing late end of year returns from employers and are also checking that the data included on the returns appears correct and that Capita are updating their Hartlink system. In addition, Officers are reviewing the Capita project plan for benefits statement production to ensure that appropriate checks on the data are adhered to, so that the benefit statements for 2020 will not have the same issues as last year. This risk assessment score for this risk has reduced.
 - 1.3.3 **PB005** – the new process for improving the collection of strain costs agreed with Capita in December 2019 has resulted in an increase in the strain costs paid. This is an ongoing process with the threat of fines to employers and interest on the strain amounts as potential last resorts. This risk assessment score for this risk has reduced.
 - 1.3.4 **PB010** – following completion of the 2019 valuation, progress is being made on the processing of admission agreements and bonds. The aim is to have these completed during the summer of 2020.
 - 1.3.5 **PB014** - this risk has been updated following the approval of the Council to move the administration of the fund from Capita to the West Yorkshire Pension Fund (WYPF). The transition risk register is monitored regularly to ensure that the risks identified do not develop into issues that would have a significant affect to the fund and its members.
 - 1.3.6 **PB015** – this is a new risk relating to the Covid-19 pandemic and ensuring that administration processes and procedures are maintained during this period. This risk is also linked to PB001 in terms of Business Continuity.
 - 1.3.7 **PB016** – this is a new risk on cyber security, which is aimed at managing both internal (ie staff) and external (ie hackers) risks to the systems holding member information.

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

5.5 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.

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

Risk ID	Short Risk Title	Long Description	Risk manger Name	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			
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. Business Continuity Procedures and Disaster Recovery Plans are subject to annual independent testing - undertaken by KPMG. Capita back-up site is in Elland, Leeds, and is tested annually. Business continuity procedures in place for scheme managers Contracts with all advisers and suppliers in place and stored on a central database.	5	1	5	5	1	Tolerate	KPMG report re: continuity procedures and disaster recovery, for year ended 31 December 2019, to be shared with the Local Pensions Board when complete.	Q1 2020	Aug-17
PB002	Member data incomplete or inaccurate	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. Incomplete and / or inaccurate information / data could lead to incorrect benefit calculations. The Pension Regulator requires all pension schemes to maintain accurate data. A large number of 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. Incomplete and / or inaccurate information / data could lead to incorrect benefit calculations. The Pension Regulator requires all pension schemes to maintain accurate data.		Information Governance	Employer Forums' held twice-annually to support scheme employers with returning the information / data required to populate annual benefit statements. A 'Scheme Return Policy' in place, which will detail how the administrator and Barnet will approach employers to collate the data required for annual benefit statements to be populated. The Scheme Return Policy will include clear timescales, and letter templates. The Scheme Return Policy will include the power to fine employers and report to the Pensions Regulator. 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. Hartlink system enforces independent checking / authorisation of any system amendments made to ensure accuracy of events / member payments. Work completed by Council Officers to identify missing new joiners and leavers on Hartlink records to enable the 2019 actuarial valuation to be completed and to enable the administrators to contact employers requesting outstanding information.	5	2	10	3	2	Treat	Dates for 2020 employer forums to be agreed with the Council in when Covid-19 pandemic measures have ceased. Common and conditional data analysis completed Q4 2019 - data cleanse plan in place for 2020. Capita to advise the Council when employers are not providing the relevant information - the Council to escalate. Remediation Plan agreed with Capita to correct data issues and obtain outstanding information. WYPF are undertaking initial data checks on receipt of data received from Capita, to determine missing or incomplete data.	Q3 2020 Q3 2020 Ongoing Ongoing Ongoing	Aug-17
PB003	Administration process failure / maladministration	Administration of the pension scheme should be in line with the Local Government Pension Scheme (LGPS) rules. Issues with the 2019 Annual Benefit Statement process and Pensions Savings Statements from this year as well as previous tax years not issued in line with statutory deadlines.		Statutory Duty	Ongoing dialogue between Barnet and Capita through regular Pension Review Meetings. Formal agreement in place with administrator, including agreed SLA's. Authority level clearly agreed and kept up to date, including clear definition of delegated authorities and individual approval authorities. Scheme Event Calendar in place to ensure legislative / regulatory deadlines are achieved (i.e. ABS / Scheme Return etc.) Staff training and formal plans in place to ensure processing in accordance with LGPS requirements Written reports by administrator to scheme managers. Officers are assisting the administrators with chasing employers who have not provided year end data and also outstanding leaver and joiner forms.	5	2	10	2	1	Treat	Authority levels embedded within the Hartlink system so based on role can authorise and sanction payments up to 50k, 100k, 250k - these controls are tested annually in the AAF report. Weekly 'checkpoint' meetings in place. Scheme Event Calendar in place and reviewed annually. Independent testing of data quality re: triennial valuation through the Hymans Robertson data portal. WYPF processes and policies being shared with Officers to review.	Ongoing Annually Ongoing Ongoing Ongoing	Aug-17
PB004	Excessive charges by suppliers	The cost of running the pension scheme should not exceed the agreed budget.		Finance	Pension scheme budget agreed annually. Spend reviewed quarterly to ensure on budget. Periodic review of suppliers.	2	1	2	2	1	Treat	Officers checking data from employer year end returns are updated correctly on Hartlink and reviewing the administrators 2020 ABS project plan.	Annually	Aug-17

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 finance and administration teams.</p> <p>Ongoing dialogue with employer around when contributions are due.</p> <p>Reconciliation through annual scheme returns. Clear expectations shared with admitted bodies through Scheme Return Policy.</p> <p>Full reporting of contributions received (on time and late) and outstanding to LB Barnet.</p> <p>Officers will enforce the collection of contributions and other costs from employers by threatening the use of fines if applicable. This will be reiterated at the next employer forum.</p>	2	3	6	2	1	Treat	Revised monthly reconciliation controls are now in place for 2020. Revised procedures have been implemented to improve the collection of strain cost invoices.	Ongoing - monthly	Aug-17
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>Work with actuaries to assess the suitability of the use of bonds and guarantees.</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	Review all admitted bodies to ensure an appropriate bond / guarantee is in place and reporting into the Pension Fund Committee. Following the completion of the 2019 valuation, progress has been made on the processing of admission agreements and bonds, with the aim of getting these completed by the end of September 2020.	Ongoing	Aug-17
PB007	Failure to interpret rules or legislation correctly	The Board does not have the level of pension knowledge to perform their role effectively.		Compliance	<p>Up to date training log in place, showing completion of training material.</p> <p>Technical advice and updates formally noted on training log.</p>	4	2	8	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
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	<p>Review of roles and responsibilities of relevant individuals to ensure individuals hold appropriate authorities or there is clear escalation of issues requiring decisions.</p> <p>Annual appraisal reviews and setting of objectives</p>	Ongoing	Aug-17
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 and recorded in conflict of interest register Any changes to be included with minutes at each meeting.</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
PB010	Admission agreements / securities (i.e. bonds) not arranged	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. This could result in intervention from The Pensions Regulator possibly resulting in a financial consequence and reputational damage to the Council.		Compliance	The Council is working with Capita. 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>Scheme Manager in liaison with Capita and Hymans to implement a clear and robust admitted body process.</p> <p>Progress has been made following discussion with Hymans in finalising Admission Agreements and Bond calculations, with the aim of completing by the end of the summer.</p>	Q2 2020 Q3 2020	Jan-19
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 suppliers.</p> <p>Contract management arrangements in place, including indicators to identify financial stress.</p> <p>Business continuity plans in place.</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

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 the Pensions Regular and the Information Office, resulting in financial and reputational impact on the Council.		Statutory Duty	Council Officers are required to engage with GDPR eLearning to be trained on GDPR regulations. Capita staff are required to complete a data protection online training course and test when joining the organisation.	3	2	6	2	1	Tolerate	Capita staff required to complete data protection online training course and test on the anniversary of their start date.	Ongoing	Mar-19
PB013	Negative media exposure	Negative/Scrutinising media attention may lead to ineffective media management impacting on the reputation of the Council and impacting on staff morale. Staffing and Culture Communications team to liaise with S151 Officer as and when a media enquiry arises.		Staffing and Culture	Staffing and Culture Communications team to liaise with S151 Officer as and when a media enquiry arises.	4	2	8	3	1	Tolerate	Press releases to be shared with Local Pension Board members prior to publication (if possible).	Ongoing	Mar-19
PB014	Change of administrator	In March 2020, the Council approved the switch of pensions administration provider from Capita to the West Yorkshire Pension Fund (WYPF)		Business Continuity	A detailed risk register to cover the transition from Capita to West Yorkshire has been developed. This risk register covers ensuring that the project plan for the transition is maintained, absences of key staff involved in the transition and resourcing, data quality and data transfer.	5	2	10	2	2	Tolerate	The risk register continue to review regularly at project meetings between Officers at LBB, Capita and WYPF to ensure that the risks identified do not have a significant effect on the transition.	Ongoing	Mar-19
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	Capita have developed their own Business Continuity plan and this has been shared/presented to Council Officers. Officers continue to monitor service levels through weekly and monthly reports and a weekly telephone call with Capita.	4	2	8	2	2	Treat	Continue to monitor performance levels, complaints and resourcing levels. Any major dip in levels should be raised with Senior Management at Capita.	Ongoing	Apr-20
PB016	Cyber security	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'. 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 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).		Compliance	Following the recent issues identified from the fraud case in 2019, Capita have introduced a code of conduct for all staff, to make sure that their procedures and authorisation controls are followed. It highlights the serious consequences if they are not. This relates to correct level access on their Hartlink system. Testing of security of system from external hackers to be undertaken regularly. An incident response plan should be in place to deal with incidents and enable Capita to swiftly and safely resume operations.	5	2	10	2	2	Treat	To obtain the latest report from Capita on their cyber security risk mitigations.	Ongoing	Jun-20

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London Borough of Barnet
Local Pensions Board - Work Programme
June 2020 – June 2021

Title of Report	Overview of decision	Report Of	Issue Type (Non key/Key/Urgent)
2 September 2020			
Decisions made by the Pension Fund Committee	To approve the Pension Fund Committees decision making processes.	Finance Director	Non-Key
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
Compliance with TPR Code of Practice	Detailed review of compliance with the TPR code.	Finance Director	Non-Key
Update on Administration Transition	To review progress on the appointment of WYPF to provide administration services.	Finance Director	Non-Key
17 November 2020			
Decisions made by the Pension Fund Committee	To approve the Pension Fund Committees decision making processes.	Finance Director	Non-Key
Update on Administration Transition	To review progress on the appointment of WYPF to provide administration services.	Finance Director	Non-Key

Subject	Decision requested	Report Of	Contributing Officer(s)
Administration Performance Report (including progress on data improvements).	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
Annual Report of Scheme Auditor	To receive the annual report of the Scheme Auditor relating to the accounts to 31 March 2020.	Finance Director	Non-Key
Annual Report of the Local Pension Board	To approve the annual report of the Local Pension Board to Full Council	Finance Director	Non-Key
Investment and Funding issues	To discuss the outcomes of the tenders for actuarial and investment advisory services and the impact on funding and investment policy.	Finance Director	Non-Key
4 February 2021			
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
Administration Risk Register	To review the administration risk register.	Finance Director	Non-Key
Scheme Risk Register	To review the Scheme Risk Register	Finance Director	Non-key

Subject	Decision requested	Report Of	Contributing Officer(s)
May / 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
Internal Audit Reports	To note the finding of recent reports by Internal Audit	Finance Director	Non-Key