

MEETING

LOCAL PENSION BOARD

DATE AND TIME

WEDNESDAY 21ST NOVEMBER, 2018

AT 7.00 PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BQ

TO: MEMBERS OF LOCAL PENSION BOARD (Quorum 3)

Chairman: Geoffrey Alderman

Vice Chairman: Hem Savla

Stephen Ross
Councillor Thomas Smith

Salar Rida
Vacancy

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 10am on the third working day before the date of the committee meeting. Therefore, the deadline for this meeting is Friday 16 November 2018 at 10am. Requests must be submitted to Paul Frost paul.frost@barnet.gov.uk

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: Gareth Greene 020 8359 7039

ASSURANCE GROUP

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ORDER OF BUSINESS

Item No	Title of Report	Pages
1.	Minutes of last meeting	5 - 8
2.	Disclosable Pecuniary interests and Non Pecuniary interests	
3.	Absence of Members	
4.	Public Question and Comments (if any)	
5.	Report of the Monitoring Officer (if any)	
6.	Members' Items (if any)	
7.	Decisions made by the Pension Fund Committee	9 - 16
8.	Member Training	17 - 40
9.	Annual Benefit Statements	41 - 50
10.	Late Contributions	51 - 60
11.	GMP Update	61 - 84
12.	Risk Register	85 - 100
13.	Barnet Pension Fund Performance	101 - 120
14.	Any other item(s) the Chairman decides are urgent	

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Decisions of the Local Pension Board

5 September 2018

Members Present:-

AGENDA ITEM 1

Professor Geoffrey Alderman (Chairman)

Stephen Ross
David Woodcock

Councillor Thomas Smith
Hem Savla

Also in attendance
Alice Leach – Substitute Member

1. MINUTES OF LAST MEETING

Prior to the minutes being approved the Local Pensions Board agreed amendments to the minutes.

RESOLVED that the minutes of the meeting held on 19 June 2018 be approved as a correct record as amended.

2. DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS

None

3. ABSENCE OF MEMBERS

An apology of absence was received from Salar Rida.

4. PUBLIC QUESTION AND COMMENTS (IF ANY)

None.

5. REPORT OF THE MONITORING OFFICER (IF ANY)

None

6. MEMBERS ITEMS

Mr Stephen Ross introduced his Members Item and outlined his concerns on the processing of payments made to all Board Members, which all Board Members agreed with. He informed Members that he had received two payslips within the week but was not sure what each was for and he outlined his concern that accurate payments be made to members of the Board. Board Members therefore requested that payslips should show what Board Members are being paid for.

The Chairman, agreeing with Mr Ross' concerns requested that all Board Members receive clarity on what the payment process is. It was acknowledged that Board Members had not received accurate and prompt payment. The Chairman requested that Mr Chris Dixon from Capita respond. Mr Dixon said that a report would be submitted to Board Members following a meeting with Officers, he said that he would communicate with Members as to what the payments had been made and how they are processed in order to ensure they are promptly and accurately made.

Resolved:

That the Local Pensions Board note the Members Item

That the Local Pensions Board requested that an update be provided in order to be assured that payments to Board members be accurately and promptly processed.

7. EXTERNAL AUDITOR'S REPORT UNDER INTERNATIONAL STANDARD ON AUDITING ISA 260 FOR THE YEAR 2017/18

The report was presented by external auditor Mr Leigh Lloyd -Thomas from BDO. He gave a summary of the report and highlighted Appendix A.

Members were informed that the audit had not been completed and the item is to be reported to the Pension Fund Committee on 16 October. In addition to this Members were informed of Mr Lloyd-Thomas' concerns that related to quality of data. He said that the administration requires more work that included the coordination of data.

Mr George Bruce reported to the Board that that the Administration team would respond positively to the auditor's recommendations and were in the process of reviewing internal control processes and reconciliations.

Mr Hem Savla said that the administration should reach a CPIFA standard. He requested that CPIFA benchmarking should be undertaken which Mr Bruce agreed with. Mr Savla thanked Mr Lloyd –Thomas for an excellent report and gave some background to the underperformance that included the 2015 annual benefit statement.

Resolved

- That the Local Pensions Board noted the matters raised by the external auditor in respect of the audit of the 2017/18 Accounts and Annual Report
- That the Local Pensions Board requested that the final document be sent to the Board when published

8. DECISIONS MADE BY THE PENSION FUND COMMITTEE

Mr George Bruce introduced the item and gave a summary of the report.

He stated that the Pension Fund Committee had agreed to commit 10% into a property fund(s).

The Chairman requested that Board Members consider the recommendation. He reminded Members that he attended a Pension Fund Committee earlier in the year to provide feedback.

Having considered the report the Local Pensions Board:

- Noted the report

- That the Chairman of the Local Pension Board be requested to contact the Chairman of the Pension Fund Committee to express relevant concerns.

9. LOCAL PENSION BOARD PENSION ADMINISTRATION REPORT

The Chairman noted that the report had not been circulated. The attending Governance Officer stated that the item was expected but the report was not available for publication, public inspection and in time for the consideration and determination. Mrs Edmunds stated that the report was in draft format and suggested that the document be circulated for information.

The Chairman, with the concurrence of the Board, described this situation as wholly unsatisfactory.

Resolved

That the Local Pensions Board request that the draft report be circulated as soon as possible and that a full submission be reported to the next meeting.

10. VERBAL UPDATE ON THE ANNUAL BENEFIT STATEMENT PROCESS FOR 2018

A verbal updated was presented by Chris Dixon and Mark Richardson.

Resolved

That a report be provided to the next meeting in order to outline management options in relation to still-significant issues of employer non-compliance.

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

None.

12. MINUTES - EXEMPT

RESOLVED that the exempt minutes of the meeting held on 19 June 2018 be approved as a correct record.

The meeting finished at 8:26pm

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Local Pension Board

21 November 2018

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.

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 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 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 16 October 2018

- 1.4 The meeting was attended by Mr Leigh Lloyd-Thomas and Mr Nick Bernstein of BDO (auditor), Ms Gemma Sefton, Hymans Robertson (Scheme Actuary), Mr Matt Woodman, Mr Nicholas Jellema and Ms Kinna Patel of Hymans Robertson (investment advisor), Mr Kevin Bartle (Director of Finance), officers from Governance and Finance. The meeting was preceded by 45 minutes of training covering the management of the schemes equity holdings provided by Legal & General Investment Management.
- 1.5 External Audit Report
- 1.6 Mr Lloyd-Thomas and Mr Bernstein discussed with the Committee BDO's report in respect of the audit of the 2017-18 Pension Fund annual accounts. The auditor attended the previous meeting of the Local Pension Board and the findings were substantially identical to the matters reported to the September Board meeting. The final audit report has been circulated to Board members. The Auditor has issued an unqualified opinion on the annual accounts. The Committee had delegated the signing of the annual accounts to the Finance Director and Chairman of the Committee.
- 1.7 The Auditor discussed data quality, debt collection processes, the monitoring of contributions due and disclosure of risk within the Pension Fund Accounts, noting that although much improvement had been made to the accounts processes in the last two years that there was still some way to go in terms of data quality. This was also discussed in the following agenda item. The Committee noted that the Council were overdue in paying invoices in relation to unfunded and strain costs (cost of enhanced pensions). These were subsequently paid by the Council on 19th October 2018.

- 1.8 The Pension Fund Committee noted the matters raised by the external auditor and requested a progress report on implementation of the audit recommendations and associated actions at the next meeting.

Planning for the 2019 Triennial Valuation

- 1.9 The Actuary attended the meeting to discuss the plan to deliver the 2019 triennial actuarial valuation well in advance of the statutory deadline of 31 March 2020. The Actuary last attended the Board at its February 2018 meeting and discussed the role of the Actuary in setting contribution rates for employers.
- 1.10 The Actuary noted that the previous triennial valuation (as at 31 March 2016) had been problematic and was not completed until close to the deadline and had as a result restricted meaningful dialogue with the Committee and employers prior to the finalisation of the contribution schedule. The Actuary had circulated a plan and timetable to ensure that the 2019 process was completed on a timely basis, with preliminary results available by end Q3, 2019. The Actuary emphasised the importance of data quality and suggested that the membership data as at 31 March 2018 be uploaded into their data portal for verification to indicate whether the data issues identified in 2016 had been rectified. The Committee requested that this be undertaken as soon as possible with results report back to the January 2019 Committee meeting.

Transfer Value in Respect of Barnet Southgate College

- 1.11 Officers and the Actuary explained the background to the transfer of pension service from Enfield pension fund to Barnet pension fund in 2011 when Southgate and Barnet colleges merged. At the time this was a relatively rare occurrence and the proposed 'reverse' transfer value was in line with the then practice. Since then college mergers were occurring with greater frequency and 'direction orders' by which all assets and liabilities relating to the colleges participation in the prior fund are transferred to the new fund were now the norm. The Committee raised concerns that the Barnet fund was being asked to pay a transfer value to Enfield and requested legal advice as to whether Barnet pension fund could avoid any liability, noting that although the liability would be attributed to the college, other employers were at risk should the college not be able to pay its contributions. The legal advice has now been requested from an external lawyer with pension expertise. When this is received discussions will be held with Barnet Southgate college and any resolution will be subject to Committee approval.

Update on Admitted Bodies Organisations

- 1.12 The purpose of the report was to seek the Committee's approval to any new admitted bodies and to inform the Committee of cessation and the renewal of bonds.
- 1.13 There were no new admissions or cessations to report. It was noted that information from the Administrator to the Actuary to enable contribution rates and bond values to be calculated was taking much longer than it should. The

bonds with the largest values related to two Capita entities and these expired 24th November. Bonds protect the scheme and employers against an employer who is unable to pay their contributions. Subsequent to the Committee meeting the Administrator provided the information required by the Actuary and Capita bond values have been calculated.

- 1.14 The Committee also discussed the late payment of deficit contribution by two Capita entities relating to the period from 1 April 2017. It was noted that the processes to check contributions received did not ensure that employers are paying the rates specified by the Actuary. Capita paid £1,884,000 on 26th October 2018 representing deficit contributions until 31 October 2018 and confirmed that they will pay each month in future. Interest of £18,000 has been charged to Capita.

London CIV Pooling Update and allocation

- 1.15 The Committee discussed the future obligation to utilise the London CIV to select funds and fund managers and to transfer existing investments to funds selected by the London CIV, noting that there was no target date for 'pooling'. The Chairman noting that he has been elected to the London CIV's shareholder Committee reminded the Committee of the fee savings available through pooling and that he was satisfied with the due diligence processes operated by the London CIV when appointing fund managers.
- 1.16 Two existing investments in funds managed by Partners and Alcentra were in distribution phase (returning capital as investments are realised) and the Committee asked Hymans to report to the next meeting on whether the manager and fund proposed by the London CIV for private debt was suitable as an alternative to re-investing with the two existing managers.

Training Needs Self-Assessment Questionnaire

- 1.17 Members of the Committee agreed to complete a training assessment questionnaire with a report back to the next meeting on training needs.

Allocation to Property

- 1.18 The July 2018 Committee meeting had received presentations from four property managers (including CBRE) and the Committee had agreed to allocate 10% of the fund to property by disposing of its holdings in diversified growth funds. The meeting did not conclude on which managers should be appointed and the allocation to each.
- 1.19 The report reflected on the obligation to pool investments and that the London CIV's UK property proposals were now expected to be unveiled Q4, 2018 and Q1, 2019. The Committee concluded that they should delay making UK property commitments until they could evaluate the London CIV's offering. Hymans Robertson noted that they were not concerned by a delay to the realisation of funds invested in diversified growth funds.

1.20 The Committee, supported by the investment advisor, agreed to invest £25 million in overseas property in a fund managed by CBRE – Global Alpha. The London CIV's offering in this area was not one of their priorities.

1.21 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 contain the following provisions:

“(1) Instead of managing and investing fund money itself, an authority may appoint one or more investment managers to manage and invest fund money, or any part of such money, on its behalf.

(2) But the authority may only appoint an investment manager if the authority complies with paragraphs (3) and (4).

(3) The authority must reasonably believe that the investment manager's ability in and practical experience of financial matters make that investment manager suitably qualified to make investment decisions for it.

(4) The authority must take proper advice in relation to the appointment and the terms on which the appointment is made.”

Performance for the quarter to 30th June 2018

1.22 Part of the remit of the Committee is “to review and challenge at least quarterly the Pension Fund investment managers' performance against the Statement of Investment Principles in general and investment performance benchmarks and targets in particular.” Hymans Robertson provide a quarterly report reviewing each manager's performance against their benchmarks, noting their conviction rating for the manager and highlighting any changes that could impact on the quality of returns.

1.23 Mr Jellema Woodman of Hymans Robertson introduced the report and discussed the relative performance of the fund managers compared with their benchmarks. Hymans view remained that the scheme should exit their holdings in diversified growth funds (DGFs) and replace partially with property and private equity. Other than the two DGF's and the Schrodgers corporate bond fund, all manager / funds retained Hymans highest level of conviction.

1.24 The Committee noted that Alcentra multi asset credit fund was proposing to reduce its fees. There is a choice between a flat fee of 0.6% p.a. or a slightly lower fee but an additional fee if a specified return was achieved. The Committee taking advice from the investment advisor agreed to opt for the flat fee.

London CIV governance

1.25 The London CIV after discussion with London Boroughs was proposing to alter its governance structure by introducing a Shareholders Committee of twelve representatives and terminating the Pensions CIV Joint Committee. The Shareholders Committee will act as forum for dialogue and have no decision-

making powers. Any agreement required from London Boroughs will either be at the semi-annual general meetings or by written resolution

- 1.26 The Committee approved the changes noting that they required Council approval

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 The Local Pension Board supports delivery of Council's strategic objectives and priorities as expressed through the Corporate Plan 2015-2020 by assisting in maintaining the integrity of the Pension Fund by monitoring the administration and compliance of the Fund.

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 Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 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 Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

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

5.7 Consultation and Engagement

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

5.8 Insight

5.8.1 N/A.

6. BACKGROUND PAPERS

6.1 Papers and minutes of the Pension Fund Committee Meeting held on 16th October 2018.

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	<h2>Local Pension Board</h2> <h3>21 November 2018</h3>
<p style="text-align: right;">Title</p>	<p>Member Training</p>
<p style="text-align: right;">Report of</p>	<p>Director of Finance</p>
<p style="text-align: right;">Wards</p>	<p>All</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 A – Hymans Robertson Confidence Assessment Appendix B – Self Assessment Questionnaire and extract from Pension Regulator’s Code of Practice.</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>George Bruce, Head of Treasury & Pensions 0208 359 7126 george.bruce@barnet.gov.uk</p>

Summary

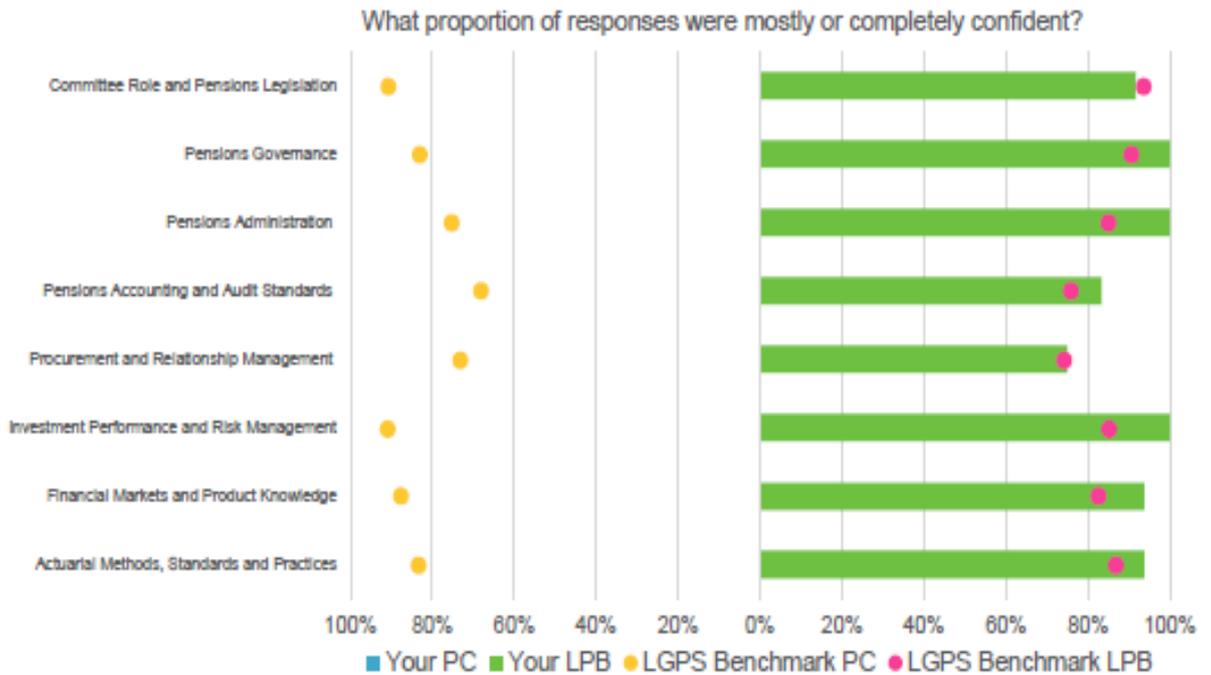
Members of the Board participated in a ‘national confidence assessment’ undertaken by Hymans Robertson. Results and proposed training are reported in the paper.

Recommendations

That the Board identify their future training requirements.

1. WHY THIS REPORT IS NEEDED

- 1.1 The requirement for knowledge and understanding for members of the Local Pension Board are set out in the Public Sector Pension Act 2013 that amends the Pensions Act 2004. Schedule 4, para 19 of the 2013 Act states:
- (1) This section applies to every individual who is a member of the pension board of a public service pension scheme.
 - (2) An individual to whom this section applies must be conversant with:
 - (a) the rules of the scheme, and
 - (b) any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.
 - (3) An individual to whom this section applies must have knowledge and understanding of:
 - (a) the law relating to pensions, and
 - (b) such other matters as may be prescribed.
 - (4) The degree of knowledge and understanding required by subsection (3) is that appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the pension board.
- 1.2 The knowledge and Understanding requirements are supplemented by guidance contained within The Pension Regulator's Code of Practice 14. A summary of this guidance is attached (see end of appendix 2).
- 1.3 Part of the role of the administering authority is to enable members of the Board to receive training sufficient to meet the above obligations. Ascertaining members' current level of knowledge and understanding and their training needs should be undertaken periodically, particularly for new Board members.
- 1.4 Four members of the Board have participated in a confidence assessment undertaken by Hymans Robertson. A copy of the report issued by Hymans Robertson is attached (appendix 1). The overall results are summarised in the table below.



1.5 The above table on the RHS compares the proportion of Board member responses (green lines) that were mostly or completely confident for the eight subject areas identified in the TPR code and compares with the overall responses (red dots).

1.6 The results indicate a high level of confidence in current knowledge and understanding. The subject areas for which members indicates less confidence were:

- Regulations (1 member)
- Actuarial valuations (2 members)
- Procurement framework (2 members)
- Financial market and investment vehicles (1 members)

1.7 Training can either be provided individually or collectively. It is proposed that training on actuarial valuations and procurement is provided on a collective basis and that for the other areas mentioned above suitable external training is identified.

1.8 It is suggested that for those members who did not participate in the Hymans Robertson survey, they review the self-assessment questionnaire attached (appendix 2) and let officers know the subject matters for which they require additional training.

1.9 All members of the Board have agreed to undertake the on-line training (public sector toolkit) available from The Pension Regulator, available using the link below.

<http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx>

- 1.10 Hymans Robertson also offer two training assessment tools that can be made available to Board members

Initial Knowledge Assessment

This allows for the assessment of knowledge and skills against the Regulator's code of practice. Members would receive an email with a link to a series of questions and multiple-choice answers. The questions touch on the full range of CIPFA modules and provide an initial base level assessment of knowledge which can then be used to inform future training plans.

LGPS Knowledge Assessments

These knowledge assessments can be used post training as a means of measuring understanding of the topics that have been covered. These assessments again cover all the elements of the CIPFA Knowledge and Skills Framework as well the Regulator's Code of Practice 14. They are delivered as a set of multiple choice questions and enable you to demonstrate that your Committee, officers and Local Pension Board have acquired the knowledge required to undertake their respective roles on behalf of the Fund.

- 1.11 Officers will provide log in details to any Members of the Board who wish to undertake these assessments.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Providing Members with adequately training opportunities is necessary to achieve good governance and meet the requirements of legislation and best practice.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not applicable in the context of this report.

4. POST DECISION IMPLEMENTATION

- 4.1 Training will be arranged on the subject matters identified by the Board.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 N/A.

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

- 5.2.1 The cost of training will be paid from the assets of the pension fund.

5.3 Social Value

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

5.4 Legal and Constitutional References

5.4.1 The requirement for knowledge and understanding for members of the Local Pension Board are set out in the Public Sector Pension Act 2013 that amends the Pensions Act 2004 and summarised in paragraph 1.1 above.

5.4.2 There are no constitutional requirements for members of the Local Pension Board to undergo training. The questionnaire is based on best practice as represented by the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills

5.5 Risk Management

5.5.1 Providing good training opportunities to Members of the Committee will improve decision making and mitigate the risks of poor decisions

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. 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 Consultation and Engagement

5.7.1 Not required.

5.8 Insight

5.8.1 Not applicable in the context of this report.

6. BACKGROUND PAPERS

6.1 None

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LGPS

HYMANS  ROBERTSON

National Confidence Assessment



London Borough of Barnet
Pension Fund

National Confidence Assessment

Overview

Hymans Robertson has undertaken an extensive exercise, assessing the confidence levels of those tasked with managing and assisting the 100 Local Government pension funds across the UK.

Over 50 LGPS funds participated in this first ever national assessment of Pension Committee ('Committee') and Local Pension Board ('LPB') members. Using the findings from this assessment LGPS funds will gain a strong insight into the current confidence levels of the individuals responsible for running their fund, which can help in developing more targeted and appropriate training plans for the future.

Background

The London Borough of Barnet Pension Fund agreed to participate in the National Confidence assessment using our online questionnaire. Based on the responses from this assessment and using this results report, a formal member training plan can be either implemented or supplemented by these findings. The questionnaire is an initial assessment of Committee and LPB members' confidence within 8 key areas such as Governance, Investment Performance and Actuarial Methods.

Why does this matter?

In recent years we have seen a marked increase in the scrutiny being shown to public service pension schemes, including the 100 funds that make up the LGPS across the UK. The Public Service Pensions Act 2013 introduced new governance legislation, not least the requirement for local pension boards to be set up, and extended the remit of the Pensions Regulator to public service schemes as set out in its Code of Practice 14¹. These new requirements have seen governance gain greater prominence in regular Committee business.

All this is on top of the general oversight of the scheme, by the Ministry of Housing, Communities and Local Government ('MHCLG') in England & Wales and Scottish Ministers in Scotland, and their respective scheme advisory boards.

While fund officers may deal with the day-to-day running of the funds, it is vital that members of the Committee understand that they have ultimate responsibility for making and/or ratifying the most important decisions including investment matters and issues concerning pension administration.

The introduction of MIFID II in January 2018 placed a far greater emphasis on the attained pension knowledge levels required by Committee members when undertaking their statutory role. Consequently, the results of this assessment will indicate how participants gauge their own knowledge levels. We would

¹ **Governance and administration of public service pension schemes – issued April 2015**

encourage the use of these results to better understand the areas where Committee and LPB members feel comfortably informed, but crucially where further training may be of benefit.

In keeping with the theme of increased external scrutiny, it is vital not only that the Committee and LPB have confidence in their roles, but also that the Fund can demonstrate the steps taken to facilitate this. We would suggest you keep a record of the process used to assist the Committee and LPB with training and development. This report could form part of the overall member training records.

Approach

The members of the London Borough of Barnet Pension Fund Committee and LPB were invited to complete an online survey. In total there were 0 respondents from the Committee and there were 4 respondents from the LPB.

Each respondent was given the same set of 29 questions on the 8 areas below:

1	Committee Role and Pensions Legislation
2	Pensions Governance
3	Pensions Administration
4	Pensions Accounting and Audit Standards
5	Procurement and Relationship Management
6	Investment Performance and Risk Management
7	Financial Markets and Product Knowledge
8	Actuarial Methods, Standards and Practices

Members could rate their confidence by answering “not confident”, “slightly confident”, “mostly confident” or “completely confident”.

The responses have been collated and analysed. For each of the 8 sections we have calculated the proportion of responses which were “mostly” or “completely” confident.

Results

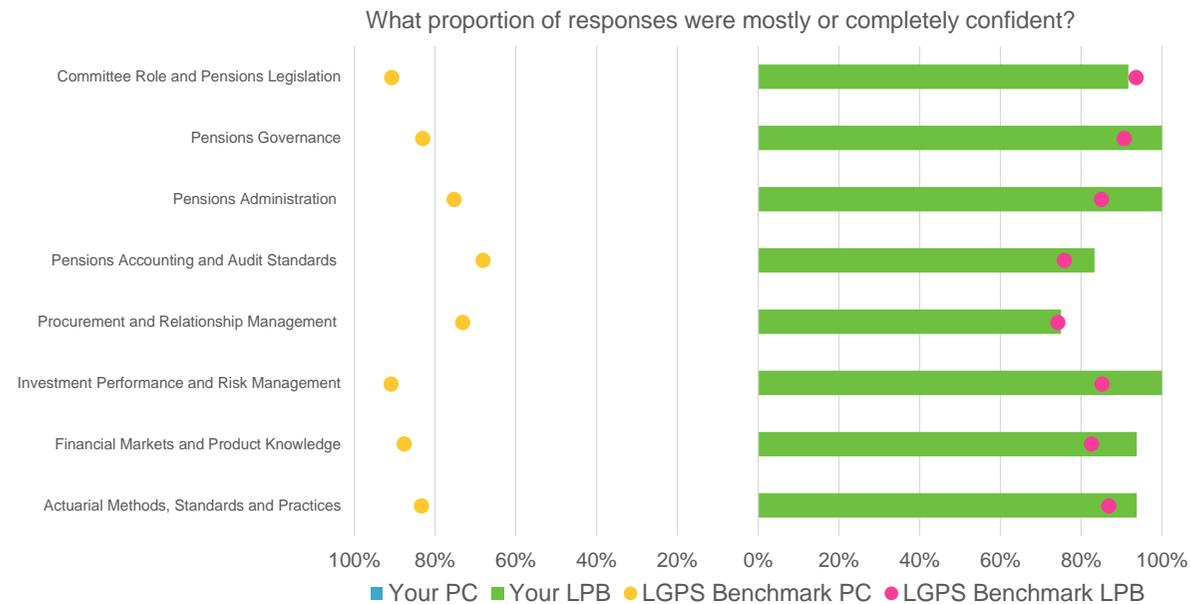
The results are displayed under 2 headings in this section – ‘overall results’ and ‘individual results’. The ‘overall results’ shows the responses by category, and how these compare with the benchmark results from all respondents across the LGPS. Details of how the individual members responded is shown under the ‘individual results’ section (colour coding from Red ‘not confident’ to Green ‘completely confident’).

Overall Results

For each of the 8 areas we have shown the proportion of responses which were ‘mostly’ or ‘completely’ confident. This lets you see how the Committee and LPB levels of confidence vary by subject area, allowing you to pinpoint specific areas for development where fewer members have indicated they are confident. Current training plans and timetables should be reviewed and possibly adjusted based on these results.

Reading the overall results spreadsheet

The Committee (PC) scores are to the **left** of the central axis and are solely the benchmark scores as there were no PC responses, with the LPB scores to the **right**. For both groups, the chart dots the average National confidence score based on the responses from all participating funds.



Benchmarking

As this confidence assessment is being conducted at national level across a number of LGPS funds we are able to provide details of how your Fund's results compare to those across the average of all funds who have taken part to date.

Commentary on London Borough of Barnet Pension Fund results

We are mindful that the Fund's recent priorities may have an impact on their results i.e. if more recent time has been devoted to investment decisions, then you may expect members to be more confident in this area. Consequently, these results may be impacted from this 'timing' effect. Overall from the responses received there appears a strong understanding of Pensions Governance and Pensions Administration for the LPB.

It is evident from the results of the assessment that the LPB's area of least confidence concerns Procurement and Relationship Management. The responses to questions in this section were still in line with the national average.

Unfortunately there were no responses from members of the committee, so we are unable to comment on the committee's level of confidence.

Comparison - National results

The results from the **LPB** are generally in line with the national confidence picture. The areas the LPB felt least confident were:

- Procurement and Relationship Management
- Pensions Accounting and Audit Standards
- Committee Role and Pensions Legislation

Typically the areas of least national confidence for LGPS LPB surveyed were Procurement and Relationship Management, Pensions Accounting and Audit Standards, and Financial Markets and Product Knowledge.

Though there were no respondents from the committee, it is worth noting that typically the areas of least national confidence for LGPS Committees surveyed were Pensions Accounting and Audit Standards, Procurement and Relationship Management, and Pensions Administration.

Individual results

Question	Local Pensions Board				Board Average
	Member 1	Member 2	Member 3	Member 4	
1a I understand my role and obligations under the LGPS Regulations and Committee's/Board's own terms of reference	4	4	4	4	4.0
1b I understand the role of the Chair, Chief Finance Officer and Monitoring Officer in the running of the Scheme	4	4	3	3	3.5
1c I understand the main features of the Regulations applicable to the Local Government Pension Scheme	4	4	4	2	3.5
2a I am clear what the objectives are for the Fund	4	4	4	3	3.8
2b I understand the role of the administering authority in relation to the LGPS	4	4	4	3	3.8
2c I am aware of the Scheme Advisory Board and understand its role and interaction with other bodies in relation to the governance of the LGPS	3	4	3	3	3.3
2d I understand the roles and powers of MHCLG, the Pensions Regulator and the Pensions Ombudsman as they relate to the working of the scheme	4	4	4	3	3.8
2e I understand the Funds approach to risk management and how risk is monitored and managed	3	3	4	3	3.3
3a I understand the statutory record keeping requirements and the Funds policy in relation to member data, contribution collection and scheme communication	4	4	4	3	3.8
3b I have an appreciation of the Funds administration strategy and how this is delivered (inc. where appropriate the use of third parties and their performance)	4	4	3	3	3.5
3c I understand the Pensions Regulator's measures of good administration practice set out in its Code of Practice 14	4	4	4	3	3.8
4a I understand the role of the elected member in the preparation of pension fund accounts	3	4	4	3	3.5
4b I understand the difference between the different types of valuations that are carried out e.g. the triennial funding valuation, IAS19/FRS102 accounting valuations and the Government Actuary's valuation (Section 13)	3	4	3	2	3.0
4c I have a general understanding of the Accounts and Audit Regulations and the regulatory requirements for sound internal controls and proper accounting practice	3	4	2	3	3.0
5a I understand the effect pooling will have on the procurement process and the changed relationship between the committee and those that manage its assets	4	4	4	2	3.5
5b I understand the role of procurement frameworks in procuring services	3	4	2	2	2.8
5c I have a clear sense of how I will assess the Fund's providers (managers, Pool, advisors etc).	3	3	4	3	3.3
6a I understand the Fund's Investment objectives	4	4	4	3	3.8
6b The Fund's investment beliefs are reflected in the underlying investment strategy	4	4	4	3	3.8
6c I understand the Fund's net cashflow position and how this might change over time	4	4	4	3	3.8
6d I am aware of Environmental, Social and Governance risks and the Fund's approach to managing these risks	4	3	4	3	3.5
7a I have a good understanding of the financial markets and investment vehicles available to the Fund	4	4	2	3	3.3
7b I understand the risk and return characteristics of the main asset classes	4	3	3	4	3.5
7c I understand why the Committee would decide to further diversify the Fund and how it would do this	4	3	4	3	3.5
7d I understand the difference between active and passive management and the pros/cons associated with each	3	4	3	4	3.5
8a I understand the role of the Fund actuary	4	4	3	3	3.5
8b I have a good understanding of the formal valuation process	4	2	3	3	3.0
8c I understand the broad principles of the Funding Strategy Statement	3	4	4	3	3.5
8d I broadly understand the implications of including new employers into the Fund and the importance of the employer covenant	4	4	4	3	3.8

Next Steps

Based on the results we would suggest that there should be consideration to the following next steps:

- Set up a structured training plan for the next 12 months covering the main areas highlighted in this report
- Member role and responsibility in the LGPS (Training presentation / committee and LPB paper)
- TPR has recently published a module on the subject of Advisors and Service Providers. This could be used as the basis of a training session for Committee and Board members.
- Review of the presentation of pension accounting and audit reports to both groups.
- Conduct a knowledge assessment covering the 8 topics. This will assess the knowledge levels of both groups against the same 8 topics

We are happy to run training sessions, and/or provide training materials covering any of the topics covered in this report. The value of a face-to-face session for this type of training lies in members being able to ask relevant questions and interrogate the trainer on the specific areas they want to develop knowledge in. We are also able to conduct the knowledge assessment for both groups, reviewing the member's knowledge against their confidence.

We will be producing a national report discussing and analysing the results at the national level. A copy of this will be made available to the Fund when the report is complete.

If you wish to discuss the contents of this report further, please get in touch with Gemma Sefton, Paula McCall or myself.

Prepared by Hymans Robertson LLP.



Ian Colvin

Head of LGPS Benefits and Governance Consultancy

Reliances and Limitations

This report has been prepared for the London Borough of Barnet Pension Fund.

This report must not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety.

Hymans Robertson LLP do not accept any liability to any party unless we have expressly accepted such liability in writing.

This report has been prepared by Hymans Robertson LLP, based upon its understanding of legislation and events as at August 2018.

London Borough of Barnet Pension Fund

Pension Fund Committee / Local Pension Board Training Needs Self-Assessment Questionnaire

Introduction

The role of Pension Fund Committee and Local Pension Board members is demanding, covering a wide range of complex issues. The attached training needs self-assessment has been developed using the Pensions regulator’s toolkit. The feedback from Committee and Board members will be used to develop both collective and individual training plans.

Completing the Questionnaire

Individual members of the Committee and Board are likely to have differing experience and knowledge. The questionnaire has been designed to help you identify your current level of knowledge and to identify where there may be gaps.

Please assess your knowledge and understanding of each aspect by placing an X in the appropriate box against the following scale:

- 1 Some knowledge
- 2 Broad knowledge
- 3 Expert / in-depth knowledge

In addition, please write Yes or No in the “more training required” box.

If you wish to discuss the completion of the assessment please contact George Bruce (02083597126) or george.bruce@barnet.gov.uk.

An extract from the Pensions Regulators Code of Practice that outlines the training requirements of members of the Local Pension Board (and by implication the expectations of members of the Pension Fund Committee) is attached at appendix A.

What Happens next?

Your responses to the questionnaire will be used by the officers to identify skills gaps / collective needs with a view to establishing individual training plans as well as future collective training for the Committee and Board. Committee and Board members will be invited to discuss their training requirements and how these can be best addressed.

Please return completed forms to:

George Bruce, Head of Treasury, LB Barnet, North London Business Park, Oakleigh Road South, London, N11 1NP

By email: george.bruce@barnet.gov.uk

Your name:

Date of Completion:

Topics	Examples	Some Knowledge	Broad Knowledge	Expert / in-depth Knowledge	More Training Required (yes / no)
Legislative and Governance Context					
Awareness of the law relating to pensions in the UK.	Public Service Pensions Act 2013				
Overall understanding of the Local Government Pension Scheme regulations in relation to benefits, administration and investments.	The Local Government Pension Scheme Regulations 2013, The Local Government Pension Scheme (Amendment) Regulations 2015, The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.				
Knowledge of the discretion policies in place for the fund and other policies regarding administration.					
Understanding of the role and powers of the Administering Authority (the Council), the Pensions Regulator, the Scheme Advisory Board and the Pensions Ombudsman.	TPR Code of Practice 14				
Understanding of the role of the Pension Fund Committee, Local Pension Board, Director of Finance and Monitoring Officer	The terms of reference of the Committee and Board and matters delegated to the S151 officers.				
Working knowledge of the Barnet statutory statements	Investment Strategy Statement, Funding Strategy Statement, Communications Statement, Governance Compliance statement, Internal Disputes Resolution Procedures, Administration Strategy Statement.				

Topics	Examples	Some Knowledge	Broad Knowledge	Expert / in-depth Knowledge	More Training Required (yes / no)
<p>Accounting and Auditing Standards</p> <p>Awareness of the Accounts and Audit regulations and legislative requirements relating to the signing off the accounts and annual report.</p> <p>Awareness of the role of both external and internal audit in the governance and assurance process.</p>					
<p>Procurement of Financial Services and Relationship Management</p> <p>General understanding of the main public procurement requirements of UK and EU legislation and how they apply to procuring services for local authority pension funds.</p> <p>Awareness of suppliers' risk management and the nature and scope of risks to be considered when selecting third parties.</p>					

Topics	Examples	Some Knowledge	Broad Knowledge	Expert / in-depth Knowledge	More Training Required (yes / no)
<p>Investment Performance and Risk Management</p> <p>Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long term risks.</p> <p>Awareness of the Myners principles of performance management and the approach adopted by Barnet.</p> <p>Awareness of the range of support services, who supply them and the nature of the performance monitoring regime.</p> <p>Familiarity with the Scheme risk register and the management of the main risks faced by the pension fund.</p>	<p>Actuarial, investment advisory, custody etc.</p>				
<p>Financial Markets and Investment Products</p> <p>Awareness of the risk and return characteristics of the main asset classes and understanding of the role of these asset classes in long term pension fund investing.</p> <p>Understanding of the primary importance of the investment strategy decision.</p> <p>A broad understanding of the workings of the financial markets and of investment vehicles available to the pension fund and the nature of the associated risks.</p> <p>An awareness of the limits placed by regulations on the investment activities of local government pension funds.</p>	<p>Limits within the investment strategy statement and pooling / the London CIV.</p>				

Topics	Examples	Some Knowledge	Broad Knowledge	Expert / in-depth Knowledge	More Training Required (yes / no)
<p>Actuarial methods, standards and practices</p> <p>Knowledge of the actuarial valuation process, including developing the funding strategy in conjunction with the Scheme Actuary and inter-valuation monitoring.</p> <p>Awareness of the importance of monitoring early and ill-health retirement strain costs.</p> <p>A broad understanding of the implications of including new employers into the Fund and of the cessation of existing employers.</p> <p>A general awareness of the relevant considerations in relation to outsourcing and bulk transfers.</p> <p>Comments and / or other Training needs</p>					

Knowledge and Understandings Requirements

Extract from Pension Regulator’s Code of Practice

- 40. Pension board members must be conversant with their scheme rules, which are primarily found in the scheme regulations, and documented administration policies currently in force for their pension scheme. Being ‘conversant’ means having a working knowledge of the scheme regulations and policies, so that pension board members can use them effectively when carrying out their duties.
- 41. They must also have knowledge and understanding of the law relating to pensions (and any other matters prescribed in legislation) to the degree appropriate for them to be able to carry out their role, responsibilities and duties.
- 42. In terms of documented administration policies, specific documents recording policy about administration will vary from scheme to scheme. However, the following are examples of administration policies which the regulator considers to be particularly pertinent and would expect to be documented where relevant to a pension scheme, and with which pension board members must therefore be conversant where applicable. This list is not exhaustive and other documented policies may fall into this category:

Any scheme-approved policies relating to:

- conflicts of interest and the register of interests
- record-keeping
- internal dispute resolution
- reporting breaches
- maintaining contributions to the scheme
- the appointment of pension board members

Risk assessments/management and risk register policies for the scheme.

Scheme booklets, announcements and other key member and employer communications, which describe scheme policies and procedures.

The roles, responsibilities and duties of the scheme manager, pension board and individual pension board members

Terms of reference, structure and operational policies of the pension board and/or any sub-committee

Statements of policy about the exercise of discretionary functions

Statements of policy about communications with members and scheme employers

The pension administration strategy, or equivalent, and
Any admission body (or equivalent) policies.

43. For pension board members of funded pension schemes, documents which record policy about the administration of the scheme will include those relating to funding and investment matters. For example, where relevant they must be conversant with the statement of investment principles and the funding strategy statement.

44. Pension board members must also be conversant with any other documented policies relating to the administration of the scheme. For example, where applicable, they must be conversant with policies relating to:

- the contribution rate or amount (or the range/variability where there is no one single rate or amount) payable by employers participating in the scheme
- statements of assurance (for example, assurance reports from administrators)

- third party contracts and service level agreements

- stewardship reports from outsourced service providers (for example, those performing outsourced activities such as scheme administration), including about compliance issues

- scheme annual reports and accounts

- accounting requirements relevant to the scheme

- audit reports, including from outsourced service providers, and

- other scheme-specific governance documents.

45. Where DC or DC AVC options are offered, pension board members should also be familiar with the requirements for the payment of member contributions to the providers, the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.

46. Schemes should prepare and keep an updated list of the documents with which they consider pension board members need to be conversant. This will enable them to effectively carry out their role. They should make sure that both the list and the documents are available in accessible formats.

Degree of knowledge and understanding required

47. The roles, responsibilities and duties of pension boards and their individual members will vary between pension schemes. Matters for which the pension board is responsible will be set out in scheme regulations. Clear guidance on the roles, responsibilities and duties of pension boards and the members of those boards should be set out in scheme documentation.

48. Schemes should assist individual pension board members to determine the degree of knowledge and understanding that is sufficient for them to effectively carry out their role, responsibilities and duties as a pension board member.
49. Pension board members must have a working knowledge of their scheme regulations and documented administration policies. They should understand their scheme regulations and policies in enough detail to know where they are relevant to an issue and where a particular provision or policy may apply.
50. Pension board members must have knowledge and understanding of the law relating to pensions (and any other prescribed matters) sufficient for them to exercise the functions of their role. Pension board members should be aware of the range and extent of the law relating to pensions which applies to their scheme, and have sufficient understanding of the content and effect of that law to recognise when and how it impacts on their responsibilities and duties.
51. Pension board members should be able to identify and where relevant challenge any failure to comply with:
 - the scheme regulations
 - other legislation relating to the governance and administration of the scheme
 - any requirements imposed by the regulator, or
 - any failure to meet the standards and expectations set out in any relevant codes of practice issued by the regulator.
52. Pension board members' breadth of knowledge and understanding should be sufficient to allow them to understand fully and challenge any information or advice they are given. They should understand how that information or advice impacts on any issue or decision relevant to their responsibilities and duties.
53. Pension board members of funded pension schemes should ensure that they have the appropriate degree of knowledge and understanding of funding and investment matters relating to their scheme to enable them to effectively carry out their role. This includes having a working knowledge of provisions in their scheme regulations and administration policies that relate to funding and investment, as well as knowledge and understanding of relevant law relating to pensions.
54. All board members should attain appropriate knowledge so that they are able to understand the relevant law in relation to their scheme and role. The degree of knowledge and understanding required of pension board members may vary according to the role of the board member, as well as the expertise of the board member. For example, a board member who is also a pensions law expert (for instance, as a result of their day job) should have a greater level of knowledge than that considered appropriate for board members without this background.

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are 	AGENDA ITEM 9 <h2 style="text-align: center;">Local pension Board</h2> <h3 style="text-align: center;">21st November 2018</h3>
Title	Annual Benefit Statements
Report of	Director of Finance
Wards	n/a
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Scheme Return Policy
Officer Contact Details	Gareth Hopkins gareth.hopkins@barnet.gov.uk – 07446 148 537

<h3>Summary</h3>
This paper will set out how the London Borough of Barnet Council ('the Council') and Capita have been addressing the concerns of the Local Pension Board to improve the administration function.

<h3>Recommendations</h3>
To improve process, the Local Pension Board ('the Board') is invited to comment on and endorse the 'Annual Scheme Return Policy'.

1. BACKGROUND

- 1.1 The Council reported itself to the Pensions Regulator for failing to issue all annual benefit statements on time, relating to the period 1 April 2017 to 31 March 2018.
- 1.2 Failure to produce annual benefit statements is a breach of regulation 89 of the Local Government Pension Scheme (LGPS) Regulations 2013; the pension fund must issue an annual benefit statement to members, apart from pensioner members, by no later than five months after the scheme year end – 31 August.
- 1.3 The Council met the 31 August deadline for all but 420 Active members – for reasons outside of the Council's control.

2. WHAT HAPPENED

- 2.1 Capita are reliant on scheme employers providing year end information so that accurate annual benefit statements can be populated.
- 2.2 Although annual benefit statements could have been sent to the affected 420 members, Capita were keen to ensure that the data held was accurate so that members did not receive misinformation. As such, the decision was made to not send annual benefit statements to affected members.

3. RESOLUTION

- 3.1 Capita have been proactive in attempting to source the necessary information so that the remaining annual benefit statements can be issued.
- 3.2 Significant progress has been made with around 200 annual benefits now outstanding (originally 420).
- 3.3 To help educate scheme employers, an 'Employer Forum' was arranged and took place on 11 October. Despite several reminders to scheme employers, and arranging face-to-face support, Capita are still outstanding information from some scheme employers.
- 3.4 A letter has been issued to affected members to advise that an annual benefit statement will be issued once their employer has provided the required information.
- 3.5 To encourage a timelier response from scheme employers in the future, the Council propose to implement, subject to Board approval a Scheme Return Policy ('the Policy'). The Policy contains robust additions, including the power to impose charges on employers who do not comply with their contractual obligations.

4. RECOMMENDATION

- 4.1 We ask the Board to review and endorse the proposed Policy (Appendix A)

5. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 5.1 At its last meeting the Local Pension Board endorsed the Scheme Manager taking a more robust approach with employers who fail to comply with annual scheme return requirements following the scheme return exercise in April 2018. In addition, the Scheme Manager has made various attempts to engage with employers through direct contact and employer forums in order to educate and inform employers of their responsibilities. Whilst these activities will continue it is felt that a more robust approach should be supported by a policy that the Scheme Manager can apply in future.

6. POST DECISION IMPLEMENTATION

- 6.1 If the Local Pensions Board are minded to agree the recommendations LB Barnet Officers and Capita will consult with employers prior to implementation of the policy for the next annual return exercise in April 2019.

7. IMPLICATIONS OF DECISION

7.1 Corporate Priorities and Performance

The Local Pension Board supports delivery of Council's strategic objectives and priorities as expressed through the Corporate Plan 2015-2020 by assisting in maintaining the integrity of the Pension Fund by monitoring the administration and compliance of the Fund.

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

There is no cost associated with the implementation of a Scheme Return Policy. Any amounts secured through implementation of the policy will be used to fund additional work required arising from late submissions and/or will be returned to the pension fund.

7.3 Social Value

7.4 None

7.5 Legal and Constitutional References

- 7.5.1 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 Regulations 2015 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.

7.6 Risk Management

7.6.1 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.

7.7 Equalities and Diversity

7.7.1 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.

7.8 Consultation and Engagement

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

8. BACKGROUND PAPERS

8.1 The Pension Regulators Code of Practice

<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

8.2 Local Pension Board, Terms of Reference:

[Appendix A – Terms of Reference for Local Pension Board – Amended , item 8. PDF 121 KB](#)

8.3 Local Pension Board Meeting – 29 November 2018 meeting:

8.4 <https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=753&MId=9339&Ver=4>

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Barnet

Annual Scheme Return Policy

Published:

Review Date:

Introduction

Barnet Council are required to arrange for Annual Benefit Statements (ABS's) to be sent to active and deferred members of the Barnet Local Government Pension Scheme (LGPS). The ABS's must be issued no later than the 31 August each year (five months after the scheme year end – 31 March).

So that Barnet Council can adhere to issuing ABS's, it is important that the necessary information is received from employers who participate in the LGPS as an admitted body.

Employers are required to complete an annual scheme return that includes, but is not limited to, the following information:

- Common data
- Employer / employee contributions (Main Scheme)
- Employer / employee contributions (50/50 Scheme)
- Additional Pension Contributions
- Date of joining / leaving

Monitoring Annual Scheme Return Compliance

1. Capita should send each employer an 'Annual Scheme Return Pack', by e-mail, detailing requirements, no later than **1 April**.
2. Annual scheme returns are to be completed and returned to Capita no later than **30 April**.
3. Capita should keep a 'Late Annual Scheme Return Log', detailing all the employers who have failed to submit their return by **30 April**.
4. All employers who are late returning their annual scheme return should be reported to the Pension Committee and Local Pensions Board at the next scheduled meeting.
5. Capita should follow the below process for employers who have not completed their annual scheme return by **30 April**:
 - I. An e-mail should be sent reminding the employer of their obligations to complete and return their annual scheme return – the e-mail should be sent no later than **five working days** after **30 April**, and should offer a further **10 working days** to complete.
 - II. If the annual scheme return is not received by the above deadline (I.), Capita should send a formal letter (Appendix A) no later than **10 working days** after the deadline – the employer should be given a further **10 working days to respond**. Communication to be sent by post and by e-mail.
 - III. If the annual scheme return is not received by the above deadline (II.), Capita should send a final formal letter (Appendix B) no later than **10 working days** after the deadline.

A late submission penalty of [Amount] will apply, and should be received no later than **30 calendar days** after the date of letter. The employer should also be reported to the Pensions Regulator. Communication should be sent by post and by e-mail.

DRAFT

Appendix A

PRIVATE AND CONFIDENTIAL

The person dealing with this is: [name]

E mail: [e-mail]

Reference: [reference]

Your Reference: [your reference]

Date: [date]

Dear [name]

Re: FINAL REMINDER – Local Government Pension Scheme Regulations – Annual Scheme Return

Re: [name of admission body]

I am writing in respect of the annual scheme return that was due for completion and returned by 30 April [year].

It is important that you provide the information requested so that we can issue Annual Benefit Statement's (ABS's) to your employees – a legal requirement under the Local Government Pension Scheme Regulations (2013) 89 (1). Such ABS's must be issued no later than 31 August [year].

We sent you an e-mail on [date] with instructions on how to complete and submit your annual scheme return. We also sent a reminder, by-email, on [date].

To remind you, [name of admission body] have entered into the Local Government Pension Scheme (LGPS) under a legal contract; the Admission Agreement. One of your obligations, as stated in the Admission Agreement, is to provide us with the information we need to fulfil our statutory duties.

So that we can populate the statutory ABS's for your employees, you should complete and submit your annual scheme return no later than [date]. If you need help completing your annual scheme return then please contact the person dealing with this case – details are at the top of this letter.

Your annual scheme return should be submitted, electronically, to: [e-mail].

Failure to submit your annual scheme return by [date] will result in [name of admission body] being issued with a penalty fee of [amount] – we will also report [name of admission body] to the Pensions Regulator.

To avoid the need to implement the above penalties, please submit your annual scheme return by [date].

[Name & Title]

Appendix B

PRIVATE AND CONFIDENTIAL

The person dealing with this is: [name]

E mail: [e-mail]

Reference: [reference]

Your Reference: [your reference]

Date: [date]

Dear [name]

Re: Local Government Pension Scheme Regulations – Annual Scheme Return

Re: [name of admission body]

I am writing in respect of the annual scheme return that was due for completion and return by 30 April [year].

We sent you an e-mail on [date] with instructions on how to complete and submit your annual scheme return. We also sent a reminder, by-email, on [date] – and a final reminder, by post and e-mail, on [date] (a copy of this letter is enclosed).

You have failed to provide us with the with the annual scheme return needed to fulfil our statutory duties.

As explained in our previous letter, under regulation 70 of the Local Government Pension Scheme Regulations 2013, we have the power to impose additional charges on employers due to poor performance. Included with this letter is an invoice for [amount] in relation to your penalty charge – we will also be reporting [name of admission body] to the Pensions Regulator.

Should you have any queries relating to this matter then please contact the person dealing with this case – details are at the top of this letter.

[Name & Title]

	<h2>Local pension Board</h2> <h3>21st November 2018</h3>
<p style="text-align: right;">Title</p>	<p>Late Contributions</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 A – Report to tPR – Capita RE Appendix B – Report to tPR – Capita CSG</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Gareth Hopkins gareth.hopkins@barnet.gov.uk – 07446 148 537</p>

<h2>Summary</h2>
<p>This paper will set out how the London Borough of Barnet Council ('the Council') and Capita have been addressing the failure to collect accurate contributions from scheme employers and invites comments from the Board.</p>

<h2>Recommendations</h2>
<p>To note the actions being taken by the Scheme Manager to ensure appropriate controls are in place to ensure timely and accurate collection and reconciliation of employer contributions.</p>

1. BACKGROUND

- 1.1 Results of the 2016 actuarial valuation required two admitted bodies, Capita CSG and Capita RE, to pay 'secondary contributions' in addition to their ongoing employer percentage.
- 1.2 Following an exchange of e-mails in April 2018, it transpired that Capita CSG and Capita RE were not paying their monthly secondary contributions that were due from 1 April 2017. Monies owed to the fund were:
 - Capita CSG: £1,055,500
 - Capita RE: £727,500
- 1.3 The Pensions Regulator requires any maladministration, considered by the scheme employer to be of material significance, to be reported to the Pensions Regulator, as soon as possible.
- 1.4 Capita wrote the Pensions Regulator, on 23 October 2018, to report the late payment of secondary pension contributions:

2. WHAT HAPPENED

- 2.1 Upon investigation, it has transpired that reconciling monthly contributions is limited to matching the monthly schedule with monies paid. At present, there is no further process to ensure secondary contributions are being paid.
- 2.2 The revised contribution rates, from 1 April 2017, were shared with Capita on 22 March 2017. Capita sought to understand the reason for increased contributions when they were notified – however, this dialogue ceased when the Head of Treasury at Barnet left the Council in June 2017. As such, this seems to be the reason as to why secondary contributions were not arranged.
- 2.3 The delay in receiving backdated secondary contributions from Capita has been a result of agreeing whether the secondary contributions are recoverable through a 'pass through' agreement.
- 2.4 In short, a pass through arrangement is a clause in the commercial contract that allows the scheme employer to recharge pension costs, above the opening contribution rate, to the Council.

3. AFFECT ON MEMBERS

- 3.1 Member pension benefits will not be affected by the late payment of contributions from Capita. The fund assets total c. £1.2bn, meaning there are enough funds to absorb the late payments and pay member benefits.

4. RESOLUTION

- 4.1 The Pensions Regulator was notified of the late payment of contributions on 23 October 2018 (Appendix A and B).
- 4.2 It is recognised that Capita notified the Pensions Regulator around five months after the underpayments were discovered. However, Capita deemed it appropriate to allow the scheme employers time to understand their obligations, and seek necessary advice.
- 4.3 The late contributions have been included as debtors within the pension fund accounts as at 31 March 2018.
- 4.4 Our newly appointed pensions resource at the Council, Gareth Hopkins, is in dialogue with the scheme administrator (Capita) to arrange a site visit to Darlington, where pensions administration activity takes place – the purpose will be to review administration processes and provide recommendations to ensure administrative obligations are being met.
- 4.5 Gareth Hopkins has been liaising with Capita to ensure that clear dialogue with scheme employers is part of the triennial valuation process, so there is a clear understanding should there be revisions to contribution due.

5. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 5.1 No other alternative options have been considered. The payment of contributions by employers is a regulatory requirement and it is the responsibility of the Scheme Manager to ensure all contributions are received. Stronger internal controls are being developed as outlined above to ensure future risks of non payment of contributions are mitigated.

6. POST DECISION IMPLEMENTATION

None

7. IMPLICATIONS OF DECISION

7.1 Corporate Priorities and Performance

The Local Pension Board supports delivery of Council's strategic objectives and priorities as expressed through the Corporate Plan 2015-2020 by assisting in maintaining the integrity of the Pension Fund by monitoring the administration and compliance of the Fund.

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

Ensure the pension fund is properly funded through effective internal controls.

7.3 Social Value

7.4 None

7.5 Legal and Constitutional References

7.5.1 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 Regulations 2015 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.

7.6 Risk Management

7.6.1 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.

7.7 Equalities and Diversity

7.7.1 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.

7.8 Consultation and Engagement

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

8. BACKGROUND PAPERS

8.1 The Pension Regulators Code of Practice

<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

8.2 Local Pension Board, Terms of Reference:

[Appendix A – Terms of Reference for Local Pension Board – Amended , item 8. PDF 121 KB](#)

8.3 Local Pension Board Meeting – 21 November 2018 meeting:

8.4 <https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=753&MId=9339&Ver=4>

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Record Details

Employer Information

Employer Name

Capita RE

Employer Address Line 1

Capita Group Plc

Employer Address Line 2

71 Victoria Street

Employer Address Line 3

LONDON

Employer Address Line 4

Employer Address Line 5

Employer Postcode

SW1H 0XA

Employer Country

United Kingdom

Employer Email Address

Companies House Number

Charities Number

Reason For Payment Failure

Contributions outstanding 90 days from due date

Have Members Been Notified

No

Scheme Information

PSR

10123044

PSTR

ePSR

10123044

Scheme Name

London Borough of Barnet
Superannuation Fund

Additional Information

Total Employer Outstanding Contributions

£727,500.00

Total Member Outstanding Contributions

£0.00

Number Of Due Dates Outstanding

18

Outstanding Payment Period Start Date

01/04/2017

Outstanding Payment Period End Date

30/09/2018

Total Number Of Affected Members

226

Payment Recovery Action Taken

No

Record Status

Ongoing

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Record Details

Employer Information

Employer Name

Capita CSG

Employer Address Line 1

Capita Group Plc

Employer Address Line 2

71 Victoria Street

Employer Address Line 3

LONDON

Employer Address Line 4

Employer Address Line 5

Employer Postcode

SW1H 0XA

Employer Country

United Kingdom

Employer Email Address

Companies House Number

Charities Number

Reason For Payment Failure

Employer unwilling to pay

Have Members Been Notified

No

Scheme Information

PSR

10123044

PSTR

ePSR

10123044

Scheme Name

London Borough of Barnet
Superannuation Fund

Additional Information

Total Employer Outstanding Contributions

£1,055,500.00

Total Member Outstanding Contributions

£0.00

Number Of Due Dates Outstanding

18

Outstanding Payment Period Start Date

01/04/2017

Outstanding Payment Period End Date

30/09/2018

Total Number Of Affected Members

341

Payment Recovery Action Taken

No

Record Status

Ongoing

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	<h2>Local pension Board</h2> <h3>21st November 2018</h3>
<p style="text-align: center;">Title</p>	<p>GMP Update</p>
<p style="text-align: center;">Report of</p>	<p>Director of Finance</p>
<p style="text-align: center;">Wards</p>	<p>n/a</p>
<p style="text-align: center;">Status</p>	<p>Public</p>
<p style="text-align: center;">Urgent</p>	<p>No</p>
<p style="text-align: center;">Key</p>	<p>No</p>
<p style="text-align: center;">Enclosures</p>	<p>Appendix A – GMP Update Stage 2 Appendix B – GMP Update Stage 3</p>
<p style="text-align: center;">Officer Contact Details</p>	<p>Gareth Hopkins gareth.hopkins@barnet.gov.uk – 07446 148 537</p>

<h3>Summary</h3>
An update on the statutory Guaranteed Minimum Pension (GMP) exercise.

<h3>Recommendations</h3>
The Board are asked to note progress on the activity of the Guaranteed Minimum Pension Project and are invited to comment on the proposed next steps.

1. WHY THIS REPORT IS NEEDED

- 1.1 The purpose of this report is to provide the Board with an update on progress of the Guaranteed Minimum Pension Project as outlined in the project update report in Appendix A, and to provide context on the next steps as outlined in Appendix B.
- 1.2 The GMP project has arisen as a result of a requirement to reconcile Guaranteed Minimum Pension payments between HMRC and the London Borough of Barnet Pension Scheme. The requirement affects all pension schemes currently in operation throughout England. If records are not reconciled and queries addressed there is a risk that the London Borough of Barnet would be faced with accepting members into the scheme who, should not be in the scheme; in essence taking on additional, unfunded pension liabilities.
- 1.3 The requirement for reconciliation was first flagged to the Scheme Manager as a result of data cleanse projects commissioned by the Scheme Manager and carried out by the third party administrators, Capita during the spring and summer of 2018. At the time that the issue was flagged it further emerged that HMRC had set a deadline for all reconciliation queries to be submitted by no later than 31 October 2018.
- 1.4 The matter, and its urgency for resolution, was raised with the Board who endorsed the Scheme Manager taking urgent action to submit queries to HMRC.
- 1.5 The Scheme's third party administrators have undertaken the first stage of reconciliation comprising checking and reviewing 25,699 records. All queries arising from the exercise have been submitted to HMRC ahead of the 31 October deadline. The detailed update on work undertaken is set out in Appendix A.
- 1.6 HMRC have confirmed to the Scheme Manager that they will respond to the submitted queries in February 2019.
- 1.7 The Scheme Manager now needs to use the time to determine how it will approach the next stage of work once HMRC have responded. The Scheme's third party administrators have set out proposals for the next stage of work and these are set out in Appendix B which the Board are asked to comment on.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Not applicable

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Not applicable

4. POST DECISION IMPLEMENTATION

4.1 Not applicable

4.2

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

The Local Pension Board supports delivery of Council's strategic objectives and priorities as expressed through the Corporate Plan 2015-2020 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)

At this stage the Board are asked to consider the implications of next steps for the reconciliation project and proposed methodology outlined in Appendix E. In the event that the proposed approach is adopted there is likely to be a cost of £4,750.

5.3 Social Value

5.4 None

5.5 Legal and Constitutional References

5.5.1 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 Regulations 2015 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.

5.6 Risk Management

5.6.1 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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5.8 Consultation and Engagement

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

6. BACKGROUND PAPERS

- 6.1 The Pension Regulators Code of Practice

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- 6.2 Local Pension Board, Terms of Reference:

[Appendix A – Terms of Reference for Local Pension Board – Amended , item 8. PDF 121 KB](#)

- 6.3 Local Pension Board Meeting – 21 November 2018 meeting:

- 6.4 <https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CIId=753&MIId=9339&Ver=4>



October 2018

London Borough of Barnet Pension Fund GMP Reconciliation – Stage 2 Report

Prepared by:

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Contents

- 1. Executive Summary4
- 2. Current Position.....4
- 3. Reconciliation Position4
- 4. HMRC/Admin Queries.....5
- 5. Active Members.....5

1. Executive Summary

The Glasgow GMP team have taken on the GMP reconciliation for the London Borough of Barnet Pension Fund. This paper provides an update on the work undertaken to date.

The GMP reconciliation comprises of 25,669 records, all of which have now been reviewed and checked. All queries to NICO have been sent to HMRC as well as queries to the Administration team in Darlington. All queries to NICO were sent by Monday 22nd October, ahead of the 31st October deadline.

We have now completed Milestone 3, and when the responses from HMRC are received we will be able to review and complete the outstanding unreconciled members and produce a report, outlining the final outcome of the reconciliation process and a proposal for rectification of these members.

2. Current Position

The table below provides the current position of the review of the membership of the scheme:

Membership	Reviewed	Checked
Active	5,133	5,133
Deferred	8,857	8,857
Pensioner (incl Spouse & Dependants)	8,043	8,043
Other (Commutated, TVIN)	3,636	3,636
Total	25,669	25,669

3. Reconciliation Position

Please find below the current reconciliation position of the Fund for the members who have been checked.

Membership	Reconciled	Unreconciled
Active	3,760	1,373
Deferred	6,744	2,113
Pensioner (incl Spouse & Dependants)	4,156	3,887
Other (Commutated, TVIN)	1,245	2,391
Total	15,905	9,764

4. HMRC/Admin Queries

There are a number of members of the Fund where we have had to go back to HMRC for additional information or to advise of a change to the GMP advised by HMRC. The table below shows the queries identified following the checking process.

Membership	HMRC Query	Admin Query
Active	1,147	226
Deferred	2,008	105
Pensioner (incl Spouse & Dependants)	3,740	147
Other (Commutated, TVIN)	1,695	218
Total	8,590	696

In addition to sending through Admin queries to Admin and NICO queries to HMRC, we have also sent the Admin queries to HMRC in NICO format. This was done to ensure that all queries were being covered by either HMRC and/or Admin, and if there was a case that Admin could not provide details that would clear a query then HMRC may be able to reconcile the issue.

5. Active Members

The signed off scope and costings included the reconciliation of only deferred and pensioner members, however as part of our reconciliation we have included the 8,829 active members in the scheme. The work involved in this would attract an additional fee of £40,000 but we took the decision to go ahead rather than submit a new SPIR because time was of the essence. We felt it was important to give a full and clear reconciliation of all members in the scheme and be able to upload any queries to HMRC before the deadline.

This was the right thing to do because of the 8,829 active members, 951 members had pre 1997 service in the scheme. We noticed a common query was that the NI contributions/earnings reported did not match with HMRC records, and so have further checked the contributions/earnings at an individual level and gone back to HMRC where required.

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October 2018

London Borough of Barnet Pension Fund GMP Rectification Stage 3 Proposal

Prepared by:

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Contents

- 1. Introduction.....4
- 2. Stage 3 Methodology5
- 3. Stage 3 Process7
- 4. Stage 3 Initial Analysis8
- 5. Next Steps.....13

1. Introduction

What is in the report?

This report provides the Trustees with an insight to the stage 3 methodology we would propose to use.

We have reached the stage in the reconciliation where all remaining queries being issued to HMRC, this includes all queries with the admin team to ensure that an initial query is logged prior to the 31st October 2018. All that is required now is a response from HMRC before we can progress the outstanding cases.

In this period we believe it would be prudent for the Trustees to start think on the next stage of the process, we can start the Stage 3 work for the cases which have been reconciled and we believe the benefits of starting this process now are as follows:

- We can resolve any gaps in the administration data which may stop members from being run through our rectification tools;
- The Trustees can review and approve our methodology for performing the rectification exercise;
- The Trustees can make certain decisions on the members reconciled to date which they can potentially replicate on the remaining query members once reconciled;
- The rectified benefits can be accounted for in the upcoming pension increase.

The first stage of our Stage 3 process is our Due Diligence process, on completion of this process we will provide the Trustees with a detailed Stage 3 Proposal covering:

- Our methodology and associated assumptions for the Trustee review;
- The results of our analysis of the reconciled GMP data against the current administration data to identify those members in scope for the rectification process;
- The number of gaps in the data held for the in scope members, which will stop them from being run through our rectification process;
- The costs for completing the stage 3 process.

There is a fee for performing our Due Diligence process which is £4,750 plus VAT, once the Trustees authorise Capita to perform this work, we will book the work in and confirm the timescale appropriately.

In order to provide the Trustees with an understanding of the Stage 3 process I have provided an overview of the methodologies and example of the tolerances that can be set.

2. Stage 3 Methodology

Following Stage 2 the trustees will now need to consider how the data generated by the reconciliation process will be reincorporated into the Fund benefits held on the administration system. To put this into context we thought it would be useful to set out the simplified calculation methodology that may be adopted when undertaking the rectification process. Please note the tolerances are suggestions only based on previous Stage 3 projects.

1. Update GMP Data

This approach would be used for the deferred members and the pensioners where the HMRC have matched the GMP (less than 5p difference).

This process involves:

- Updating the GMP screen and records with the reconciled GMP.
- Creating a note which details what has been done and why.

2. Retranching at current date

This approach can be used for pensioners within the tolerance bands set by the trustees with advice from the actuary and the Fund legal advisor (e.g. difference is between 5p and £2 per week).

This process involves:

- Replacing the GMP in payment with the reconciled GMP increased to current date.
- Rebalancing the Pre 97 excess benefit.
- Updating the GMP screen and records with the reconciled GMP.
- Creating a note which details what has been done and why.

The data requirements for this approach are greater than those required for the update GMP data approach outlined above.

3. Roll back/roll forward to GMP Payment Date (GMPPD). GMPPD is age 65 for males and age 60 for females.

This approach can be used for pensioners only within the tolerance bands set by the trustees with advice from the actuary and the Fund legal advisor (e.g. difference is between £2 and £5 per week).

This process involves:

- Rolling back benefits in payment to GMPPD.
- Replacing the GMP originally used with the reconciled GMP at GMPPD.
- Increasing the benefits back up to the current date to provide the corrected pension.
- Updating the GMP screen and records with the reconciled GMP.
- Creating a note which details what has been done and why.

The data requirements for this approach are greater than those required for the retranching at current date approach outlined above.

4. Roll back to Date of Leaving or Date of Retirement

This approach would be used for pensioners only within the tolerance bands set by the trustees with advice from the actuary and the Fund legal advisor (e.g. difference is over £5 per week).

This process is different depending on how the member retired from the Fund together with the retirement calculation at Date of Retirement. This option can only be used where full details of the retirement calculation are available, e.g. Retirement basis, Early/Late Retirement factor & Commutation factor.

Below we describe where we believe each of the methodologies can be applied using the difference in the reconciled GMP. This can be tailored to your individual Fund and may be different from the tolerances set at Stage 2.

Band	Difference	Method
Band 1	less than 5p p/w	Update GMP Data
Band 2	5p to £2 p/w	Retranche at current date
Band 3	£2 to £5 p/w	Roll back/roll forward to GMPPD
Band 4	Over £5 p/w	Benefit recreation

Discussion can be undertaken regarding what is appropriate for the Fund in regards to costs, timescales and data requirements.

3. Stage 3 Process

To start stage 3 we will issue a Project Initiation Document (PID) that will encompass all of the work that will be undertaken by the Glasgow office and will provide clarity on how we will be measuring progress of the project. Within the PID will be a full description of the objectives of the Project, details of responsibilities and escalation points and other items of information that the trustees and client will wish to know.

A project plan will be drawn up that includes all the work to be completed, relevant timescales, check-in points and projected end date. More details on the timescales can be found in Section 6.

Working in conjunction with the trustees we will produce a Decision Paper that will detail the Stage 3 work to be done (together with the detailed notes on the processes for paying any arrears), for how the overpayments are dealt with and any other decisions the trustees may have made during the process.

Where there are updates to the system the members Notes screen and GMP Screen will be updated, if any changes are made to a member's pension then a full audit trail of the calculation and the update to the member's record will be completed and reviewed before any payroll's are ran.

Communications can be tailored to the Fund and we would recommend that letters are sent to all deferred members with a new leaver statement with full information about the benefits they hold within the Fund. Where we are changing any pensions currently in payment letters need to be issued advising them of the changes and the impact to their pension.

Examples of the communications detailed above are available on request.

4. Stage 3 Initial Analysis

Total GMP Differences

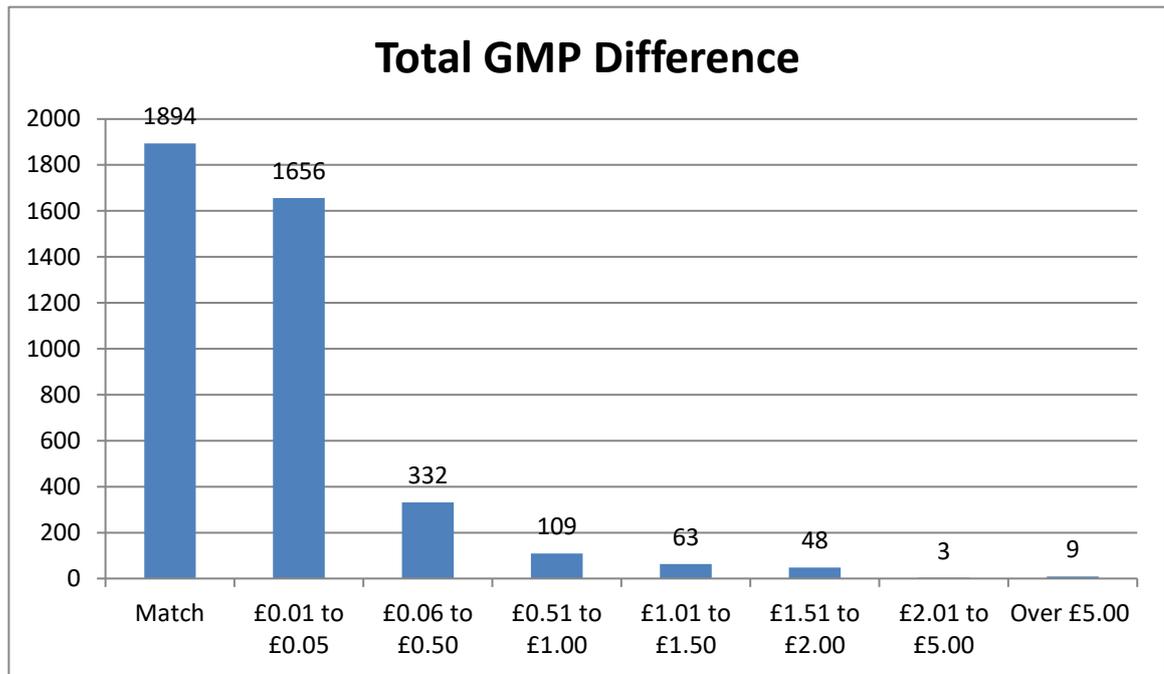
The number of pensioners in scope for this rectification will depend on the tolerances agreed by the Trustees. The types of tolerance to be considered include:

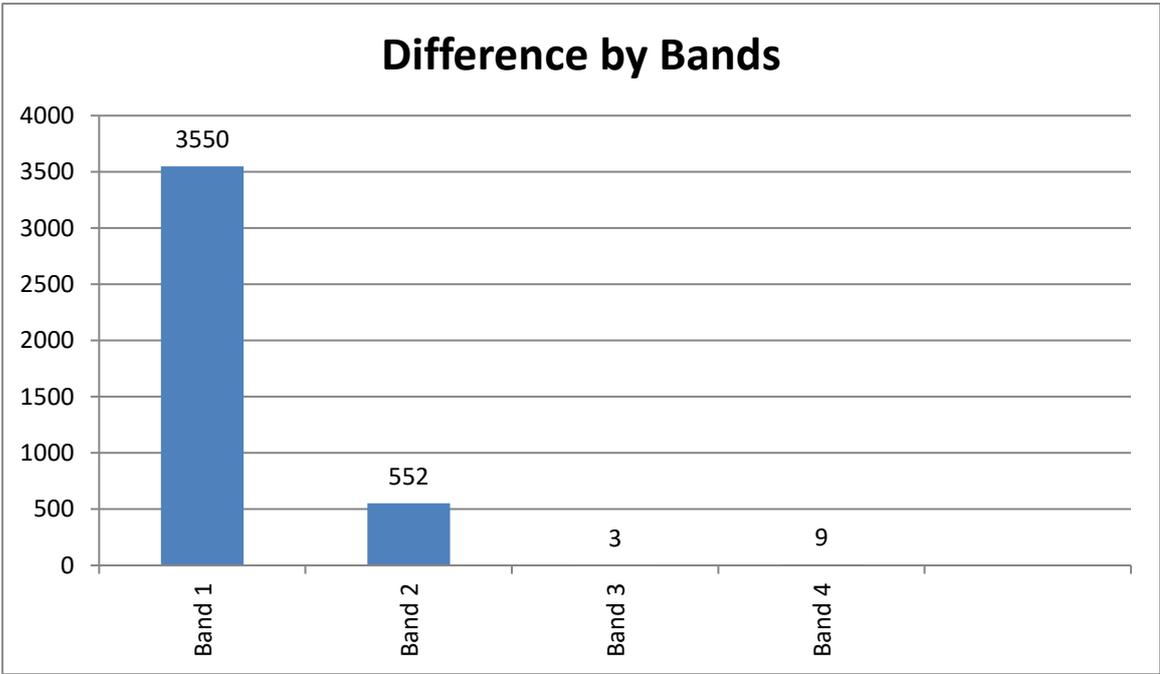
- Trustees may consider whether to apply rounding tolerances, in cases where differences are so minimal as to outweigh the cost of any correction exercise.
- Corrective tolerances for example, where overpayments have been identified, trustees will need to decide whether to seek recovery, write off overpaid amounts but pay the correct benefits going forward, or augment benefits to the level which has been in payment – it can be helpful to establish parameters for different types of corrective action.

Consideration also needs to be given as to whether the corrective tolerance for under and over payment cases would be the same and whether there are any past exercises, possibly as a consequence of derisking, which may impact on the need to perform calculations.

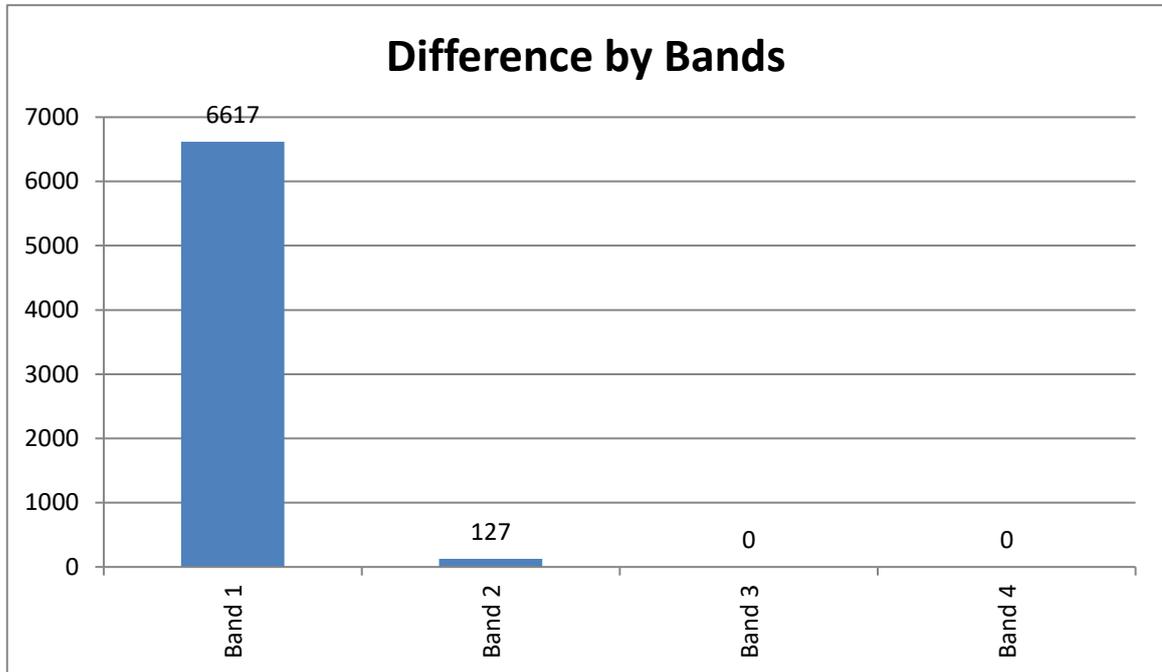
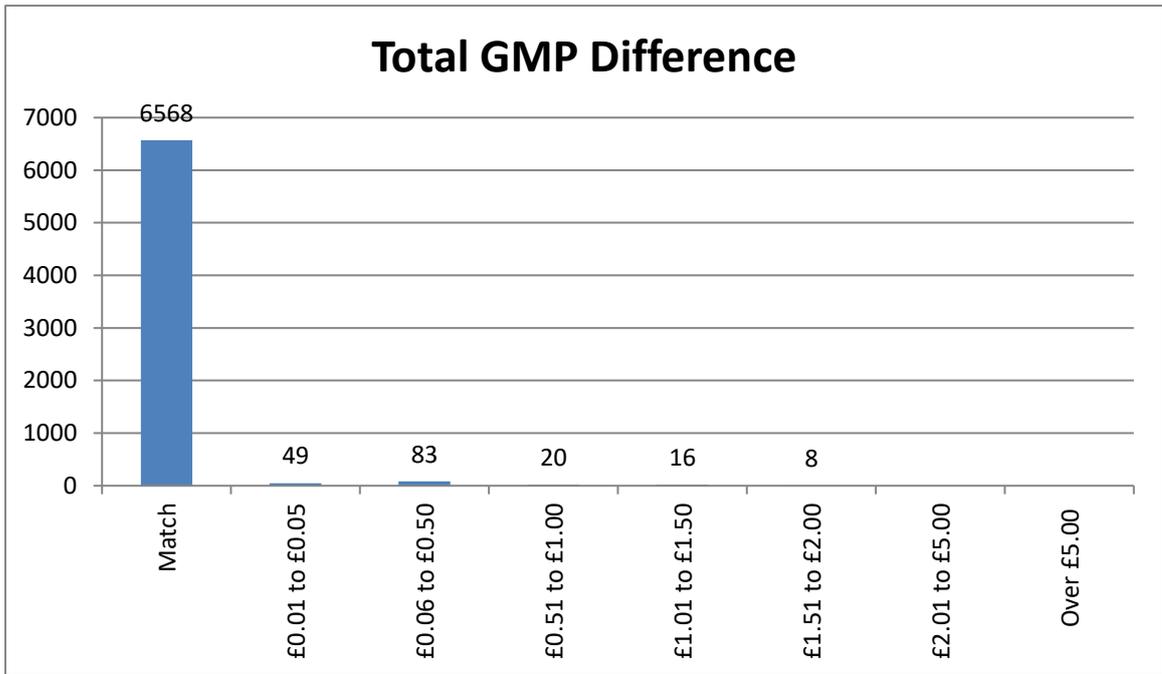
The table below shows the differences in GMP amount for those pensioner & deferred members potentially in scope for rectification.

Pensioners and Spouses





Deferreds



For deferred members we recommend that only the GMP is updated as no calculations are required.

Recommendations

We have previously suggested to our clients that the following tolerances and methods be used when rectifying the GMP.

	Pensioners Difference	Method
Band 1	less than 5p p/w	Update GMP Data
Band 2	5p to £2 p/w	Retranche at current date
Band 3	£2 to £5 p/w	Roll back/roll forward to GMPPD
Band 4	Over £5 p/w	Benefit recreation

In addition to the above we would recommend that a tolerance based on the total change to the members benefit be adopted. This will ensure that where the benefit is changed by a significant percentage (we would recommend a 5% tolerance) that a full check of the members benefits be done. This may result in the method of rectification being amended or no further action being taken.

5. Next Steps

In order to move forward we require your agreement to produce a detailed Stage 3 proposal.

We would work closely with the trustees to move forward with the best approach for the Fund and the membership. To do this will require and we would encourage input from the trustees and their advisors. The methodologies we have noted above are consistent with previous stage 3 work which has been completed, however we are open to working to develop solutions should the trustees require a different approach to rectification of the membership in the Fund.

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	<p>Local pension Board 21st November 2018</p>
<p>Title</p>	<p>Risk Register</p>
<p>Report of</p>	<p>Director of Finance</p>
<p>Wards</p>	<p>n/a</p>
<p>Status</p>	<p>Public</p>
<p>Urgent</p>	<p>No</p>
<p>Key</p>	<p>No</p>
<p>Enclosures</p>	<p>Appendix A – Risk Register Appendix B – Triennial Valuation Project Plan</p>
<p>Officer Contact Details</p>	<p>Gareth Hopkins gareth.hopkins@barnet.gov.uk – 07446 148 537</p>

Summary

To provide the Board with the updated risk register for Pensions Administration, including the high level joint plan in preparation for the Triennial Valuation in 2019.

Recommendations

The board are asked to review the most recent risk register.
The board are asked to note the joint project plan for the triennial valuation.

1. WHY THIS REPORT IS NEEDED

- 1.1 This report sets out the current risk register for pensions administration. In addition it provides the board with sight of the high level joint project plan for the triennial valuation exercise which will take place in early 2019.
- 1.2 Board members will note new risks identified concerning the relationship between administration and finance and the mitigation being applied to manage those risks. The development of a project plan that is jointly owned by administration, finance and the Scheme actuaries is a key mitigation to manage any risks of delay or lack of clarity on roles and responsibilities to enable an effective valuation exercise to take place.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The role of the board is to ensure that the Scheme Manager is exercising all due controls to ensure the effective governance of the Scheme. A key part of managing the control environment is the management of risk and this is outlined in the risk register.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

Not applicable

4. POST DECISION IMPLEMENTATION

- 4.1 none

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

The Local Pension Board supports delivery of Council's strategic objectives and priorities as expressed through the Corporate Plan 2015-2020 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)

none

5.3 Social Value

- 5.4 None

5.5 Legal and Constitutional References

5.5.1 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 Regulations 2015 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.

5.6 Risk Management

5.6.1 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.

5.7 Equalities and Diversity

5.7.1 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.

5.8 Consultation and Engagement

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

6. BACKGROUND PAPERS

6.1 The Pension Regulators Code of Practice

<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

6.2 Local Pension Board, Terms of Reference:

[Appendix A – Terms of Reference for Local Pension Board – Amended , item 8. PDF 121 KB](#)

6.3 Local Pension Board Meeting – 21 November 2018 meeting:

6.4 <https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=753&MId=9339&Ver=4>

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk		
					Impact	Likelihood	Risk Score
PB001	Operational - disaster (Fire / flood etc)	An event occurs that would impact the ability to deliver all / parts of the pension service.	Business Continuity	<p>The administrator has Business Continuity Procedures and Disaster Recover Plans in place.</p> <p>Business Continuity Procedures and Disaster Recovery Plans are subject to annual independent testing - undertaken by KPMG.</p> <p>Capita back-up site is in Elland, Leeds, and is tested annually.</p> <p>Business continuity procedures in place for scheme managers Contracts with all advisers and suppliers in place and stored on a central database.</p>	5	1	5

PB002	Member data incomplete or inaccurate	<p>To fulfil legal obligations, the pension service is dependent on receiving accurate information and data from scheme employers, and for the administrator to maintain member records.</p> <p>Incomplete and / or inaccurate information / data could lead to incorrect benefit calculations. The Pension Regulator requires all pension schemes to maintain accurate data.</p>	Information Governance	<p>Employer Forums held twice-annually to support scheme employers with returning the information / data required to populate annual benefit statements.</p> <p>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.</p> <p>Common data analysis</p>	4	3	12
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PB003	Administration process failure / maladministration	Administration of the pension scheme should be in line with the Local Government Pension Scheme (LGPS) rules.	Statutory Duty	<p>Ongoing dialogue between Barnet and Capita through regular Pension Review Meetings.</p> <p>Formal agreement in place with administrator, including agreed SLA's.</p> <p>Authority level clearly agreed and kept up to date, including clear definition of delegated authorities and individual approval authorities.</p> <p>Scheme Event Calendar in place to ensure legislative / regulatory deadlines are achieved (i.e. ABS / Scheme Return etc.)</p> <p>Staff training and formal plans in place to ensure processing in accordance with LGPS requirements</p> <p>Written reports and quarterly presentations by administrator to scheme managers.</p>	3	2	6
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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
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	Monthly reconciliation of contribution payments received by the finance and administration teams. Ongoing dialogue with employer around when contributions are due.	2	1	2
PB006	Failure of non-public sector employers	Should admitted bodies default on payments, the fund is left with additional pension liabilities.	Finance	Scheme manager monitoring of employer covenant and business strength. Work with actuaries to assess the suitability of the use of	2	2	4
PB007	Failure to interpret rules or legislation correctly	The Board does not have the level of pension knowledge to perform their role effectively.	Compliance	Up to date training log in place, showing completion of training material. Technical advice and updates formally noted on training log.	4	2	8

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
PB009	Conflicts of interest	Decisions made may be influenced by other factors and may be subject to challenge.	Compliance	Pension Board awareness of legal responsibility. All Pension Board members to declare any conflicts and potential conflicts.	3	1	3

Target Risk			Further actions		Date risk identified	Previous JCAD Reference
Impact	Likelihood	Response Option	Actions	Delivery due date		
5	1	Tolerate	<p>Latest testing KPMG report, for year ended 31 December 2017, shared with the Local Pensions Board on 19 June 2018.</p> <p>The testing report for year ended 31 December 2018 will be shared with Barnet in Q1 2019</p> <p>All contracts to be held centrally and all contractual obligations to be evidenced and reviewed.</p>	Q1 2019	Aug-17	

3	1	Treat	<p>Last Employer Forum held 11 October 2018 - next Employer Forum to be held Q2 2019.</p> <p>Scheme Return Policy drafted and will be on the 21 November agenda for the Local Pension Board to comment / agree process - to be formally in place by Q1 2019 - once consultation with scheme employers has been completed.</p> <p>Common data analysis completed September 2018 - conditional data analysis completed March 2018. To agree whether tracing exercise would be done more frequent than every three years. Conditional data cleanse activities to complete by 31st March 2019.</p>	<p>Q1 2019</p> <p>Q1 2019</p> <p>Q1 2019</p>	Aug-17	
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3	1	Treat	<p>The Local Pension Board have agreed reporting against LGPS SLA measures that Capita use in other public contacts.</p> <p>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.</p> <p>Pension Review Meetings in place monthly - last meeting on 23 October 2018 - next meeting on 13 November 2018</p> <p>Scheme Event Calendar in place - shared at the Pensions Review Meeting on 23 October 2018 - to be next reviewed at Pensions Review Meeting on 13 November 2018.</p>	<p>Ongoing</p> <p>Annually</p> <p>Ongoing</p> <p>Ongoing</p>	Aug-17	
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2	1	Treat	Budget to be agreed annually.	Annually Q3	Aug-17	
2	1	Treat	All contributions received checked against schedule of contributions. Revised process to be implemented during Q4, 2019 Finance and administration teams to evidence efforts to recover unpaid contributions.	Ongoing - monthly Ongoing Q2 2019	Aug-17	
2	1	Treat	Review all admitted bodies to ensure an appropriate bond / guarantee is in place and reporting into the Pension Fund Committee.	Q2 2019	Aug-17	
4	1	Treat	Training log in place with agreed timescales to complete training material. Updates received from all appropriate bodies have been acted upon. Q4 each year.	Q4 2018 Q2 2019	Aug-17	

4	1	Treat	Review of roles and responsibilities of relevant individuals to ensure individuals hold appropriate authorities or there is clear escalation of issues requiring decisions. In particular, role of Pensions Manager.	Q1 2019	Aug-17	
3	1	Treat	All pension board members have completed relevant educational material. 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.	Ongoing	Aug-17	

London Borough of Barnet Pension Fund
DRAFT 2019 valuation timetable and route map

	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	
Preparation and communications	Pre-valuation reports & correspondence (including Hymans' Briefing Notes)	Approach to employer asset allocation discussion	Assumptions papers - AOA, salary growth etc.			Briefing Note on valuation methodology	Briefing Note on assumptions												
	Meetings with officers			Assumption setting, decision on AOA and salary growth assumption. Discussion on employer profiling								Initial whole fund results	Initial employer results						
	Employer risk management				Employer risk profiling work	Discuss risk buckets for funding strategy. Consider where further covenant analysis may be required	Finalise employer covenant work and risk categories, if required							Provide employer results	Bulk employer bond review				
	Funding Strategy Statement								FSS - first draft						Finalise FSS ahead of employer consultation	Employer consultation		Sign off	
	Meetings with employers	Employer forum - introduction to the valuation						Employer forum - setting expectations							Employer forum - employer results - possibly split into groups				
	Committee / LPB meetings (dependent on meeting dates)	Committee training - intro to the valuation			Committee - agreement of key valuation assumptions	LPB training - valuation basics and their role								Committee - present initial results					Committee - final sign off of results and investment structure
Administration	Membership data	Checking extract matches UDE specification Data cleanse using Data Portal as at 31 March 2018		Data provision for any outstanding new employers since 2016 valuation		Data provision for any outstanding new employers in last few months			Data validation at 31 March 2018										
	Cashflow data	Matching employer codes in membership to employer codes in cashflows	Ensure all employers (incl those with no actives) have cashflows available					Compile cashflow data for valuation					Final sign off of valuation data						
	Employer information	Compile up to date employer database						Provide final employer database											
Funding and investment process	Valuation results											Valuation calculations	Draft whole fund results	Calculation of employer results	Agree employer results				
	Investment		AOA proposed versus strategy Risk and return						Feed strategy into comPASS modelling				Review of investment strategies in line with changes to funding strategies Risk and return analysis Diversification						
	comPASS modelling							Agree scope and scenarios				Calculations		comPASS results					
	Cashflow projections															Cashflow projections (if required)	Sensitivity of projections (if required)		
	Final valuation results												Issue 'like-for-like' results to SAB			Draft final results	R&A discussions	Sign-off final report and R&A	

Data sign off to results	Timeline from clean data provision	Who?	
	Membership and cashflow data received (validation through Data Portal complete)	-	Capita to submit to HR
	Reconciliation of membership and cashflow data - queries issued	+ 3 days	HR
	Response to data queries	+ 1 week	Capita
	Final reconciliation, queries and sign off of valuation data	+ 2 weeks	HR with further follow up questions if need be
	Provision of draft whole fund results	+ 3 weeks	HR
Provision of draft employer results	+ 4 weeks	HR	

Please note:

- The proposed timetable includes actions which are good practice in the valuation process. These were not done at 2016 due to delays previously discussed but we would recommend they are considered for 2019.
- We would expect valuation data work to be carried out on the Data Portal during June and July 2019 for submission by the end of July. This will ensure sufficient time for any reconciliation queries to be resolved and calculations carried out before results are required to be submitted to the Scheme Advisory Board on 30 September 2019.
- The dates shown are provisional and can be discussed with Capita EB to ensure that they are realistic in terms of data provision. I have included a table showing the turnaround times for results from the initial submission of cleansed membership data and cashflow data. I would suggest that if changes to the above proposed schedule are made, these turnaround times are factored in to ensure results are received in time for Committee meeting dates as required.
- Once you have had a chance to consider the above timetable and feed back any changes required we would like to arrange a pre valuation meeting or conference call to talk through each stage and kick off the project.

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	<p>Local pension Board 21st November 2018</p>
Title	Performance Report
Report of	Director of Finance
Wards	n/a
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Capita Performance Report August – October 2018
Officer Contact Details	Gareth Hopkins gareth.hopkins@barnet.gov.uk – 07446 148 537

Summary

To provide the Board with the performance report for Pensions Administration for the period August – October 2018.

Recommendations

The board are asked to note current performance levels.

1. WHY THIS REPORT IS NEEDED

- 1.1 This report set in Appendix A provides an overview of performance of operational pensions administration delivered by Capita.
- 1.2 Board members will note improvements in performance related to retirement and bereavement following direction from the Board to Capita at its last meeting to provide greater focus on these areas.
- 1.3 The board will also note an improvement in the position of aged cases, and in particular those outstanding for 12 months or longer.

2. REASONS FOR RECOMMENDATIONS

- 2.1 none

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

Not applicable

4. POST DECISION IMPLEMENTATION

- 4.1 none

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

The Local Pension Board supports delivery of Council's strategic objectives and priorities as expressed through the Corporate Plan 2015-2020 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)

none

5.3 Social Value

- 5.4 None

5.5 Legal and Constitutional References

- 5.5.1 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 Regulations 2015 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.

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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.

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

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6.3 Local Pension Board Meeting – 21 November 2018 meeting:

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November 2018

Report to the Local Pension Board 1st August 2018 – 31st October 2018

London Borough of Barnet Pension Fund

Prepared by:

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Performance Summary

Performance for period 1st August to 31st October 2018

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

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

Case Group / Category	Volumes
All work outstanding at the beginning of the period	2499
Cases received in the period	4268
Cases completed in the period	3525
Cases re-categorised during the period	955
All work outstanding at the end of the period	2292
Number of outstanding cases awaiting 3rd party information	1768
Number of workable items	524
Total	2292
Cases completed within standard LGPS targets	3320

• Please note that “re-categorisation” of cases relates to the scenario where the categorisation of casework on our workflow system is not fully accurate. In order to ensure that the correct calculations and documentation is issued to the member, the case can be re-categorised to reflect the correct case type. In order to avoid any double-counting, the original case is terminated and a new case created, backdated to the date of receipt. All terminated cases are subject to specific independent audit scrutiny to validate the integrity of reported performance statistics.

During the period **3525** cases were completed in the period, and **3320** were completed within target which represents an overall aggregated SLA compliance figure of **94.18%**.

There continues to be a reduction in workable items and the 3rd party cases across the quarter. Workable items now stand at 524 reduced from 736 and 3rd party cases 1876 reduced to 1768.

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 during the period and the performance level achieved against each Case Type in the period:

Case Group	Start	Received	Completed	Terminated	Carried F/Ward	Completed Within Target	SLA %	RAG
Change of details	14	239	223	14	16	223	100.00%	Green
Enquiries	145	798	641	142	160	611	95.32%	Green
Request for Estimate of Benefits	151	314	228	127	110	215	94.30%	Green
Leavers	756	444	284	234	682	252	88.73%	Yellow
New Starters	202	329	277	11	243	263	94.95%	Green
Retirements	143	119	102	31	129	84	82.35%	Yellow
Transfers In	71	23	12	6	76	12	100.00%	Green
Transfers Out	19	25	14	8	22	13	92.86%	Green
Bereavements	144	54	45	0	153	39	86.67%	Yellow
Other	854	1923	1699	382	696	1608	94.64%	Green
Total	2499	4268	3525	955	2287	3320	94.18%	Green

In addition, to provide greater clarity and visibility of monthly performance within the period, a further breakdown is provided below:

Case Group	August	RAG	September	RAG	October	RAG
<i>Change of details</i>	100.00%	GREEN	100.00%	GREEN	100.00%	GREEN
<i>Enquiries</i>	96.11%	GREEN	95.53%	GREEN	94.42%	GREEN
<i>Request for Estimate of Benefits</i>	97.80%	GREEN	91.94%	GREEN	92.00%	GREEN
<i>Leavers</i>	97.27%	GREEN	77.78%	RED	87.25%	AMBER
<i>New Starters</i>	100.00%	GREEN	80.28%	AMBER	100.00%	GREEN
<i>Retirements</i>	70.59%	RED	78.38%	RED	89.58%	AMBER
<i>Transfers In</i>	100.00%	GREEN	100.00%	GREEN	100.00%	GREEN
<i>Transfers Out</i>	80.00%	AMBER	100.00%	GREEN	100.00%	GREEN
<i>Bereavements</i>	81.25%	AMBER	81.25%	AMBER	100.00%	GREEN
<i>Other</i>	93.79%	GREEN	95.47%	GREEN	94.29%	GREEN
Total	95.47%	GREEN	93.14%	GREEN	94.26%	GREEN

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**

Ultimately, our aim is to achieve overall SLA compliance to be over 95% at all times. A schedule of the SLA targets that form the basis of this compliance analysis is shown at **Appendix 1**.

Retirements and Bereavements continue to be a key area of focus for the team and it is good to see that improvements have been made in both areas. Although we are not yet where we would like to be in terms of Retirement calculations we have made considerable progress over the quarter.

The impending transfers embargo, following the announcement that GAD are changing factors, resulted in changes of priorities to ensure we gave a focussed review of outstanding transfer requests to allow us to issue as many CETV's as possible. These were issued where all the relevant information was received.

October saw the deadline for the issue of Pension Saving Statements; these were issued on target.

An Employer Forum was held on the 11th October; and it was agreed that a review of the new starter process would be undertaken to improve the process for all parties involved. This review is currently underway.

Quality

The Pensions Team utilise an Accuracy Monitoring tool within the Workflow system as a means of monitoring quality. Results are encouraging with monthly performance scores of **99.8%** (August), **99.4%** (September), and **98%** (October). There are no underlying trends / root cause evident in the quality results. We will continue to analyse data to ensure that individual errors are being attributed to the relevant Administrators to support their personal and professional development.

Work In Progress Position

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

Table 3: Case Age Summary

<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
404	649	54	257	37	413	11	212	3	85	15	152

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

Actions Required:

The Team are focussing on both the aged work and the reduction of the 3rd party cases.

Administration Update

Consolidated Project Plan

Working closely with LBB, Capita has continued to deliver activities contained within the Consolidated Project Plan in conjunction with HR SRO, these include:

- Record Keeping (Data) – Common Data Cleanse activities & Conditional Data Analysis
- End of Year Data & Annual Benefit Statements
- Communications & Engagement (Member & Employers)
- Statutory & Regulatory Requirements
- Pension Fund Annual Accounts
- Scheme Valuation
- Admitted Bodies & Bonds Renewals
- Local Pensions Board Reporting
- Internal Audit Findings / Assurance

Key updates to highlight are as follows:

Common & Conditional Data Cleanse

The annual Common Data certificate was published in September by the Core Data Team and evidences a positive improvement in legacy (97.97%) / current (96.76%) data scores as a result of data cleanse activities. Further cleanse activities to be discussed and agreed.

Conditional data cleanse analysis activities remain on track to be delivered by 31st March 2019.

2017 / 2018 Annual Benefit Statements Project

Annual Benefit Statements were successfully issued to members in accordance with the statutory deadline of 31st August 2018.

As verbally updated at the September Local Pensions Board, a small population of member records with outstanding queries with employers (105) did not receive a statement by the required deadline. In addition, 315 statements could not be issued due to the failure of participating employers to provide new starter forms to the Pensions Team to create a record on the Hartlink administration system.

An associated Breach of Law report was prepared and issued to TPR by LBB. The Pensions Team continue to engage with employers to resolve and issue the remaining statements and this is anticipated to be fully completed during November.

Communication Strategy

Key activities on the Communications Strategy are continuing to progress to support members and employers of the Scheme. Employer Forum held at Hendon Town on 11th October 2018 and delivered by the Capita Technical Team. This included a presentation from Hymans in relation to the Scheme Valuation.

Surgeries have taken place during September (24th / 27th) at Barnet House and NLBP. An FAQ document has been produced and process flow supporting the 85 year rule for circulating by the Council Communications Team. Further session offered to Street Scene employees and date being confirmed.

Regular meetings continue to be scheduled with Union representatives to discuss any member issues. In addition, contact details for the team have been provided to ensure that individual queries are resolved in a timely manner.

Pension Fund Annual Accounts – Finance Workshop / Lessons Learnt

The Pensions Team / Finance Team conducted a workshop on 4th September to review end to end finance processes and roles and responsibilities. Following this meeting, it was agreed that a review of the contributions paying in slip would be undertaken to provide sufficient information. This is targeted for the end of the year.

Scheme Calendar Overview

The events scheduled for the current quarter and the next quarter are set out below:

Quarter 3 / 4 2018						
Month	Category	Activity	Req'd by	Status	Achieved	Comment
July	Data	Following successful upload of EOY data, run all CARE year End routines to calculate CARE values. Validate results before running Annual Benefit Statement calculation routines	31/07/2018	Complete		
July	Compliance	Provide full response to any queries raised by the Auditor in relation to the Annual Report and Accounts process	31/07/2018	Complete		Finance Workshop held in September to agree revised process, and meeting scheduled with BDO 14th November.
August	Event	Print and distribute Annual Benefit Statements to Active members	31/08/2018	Complete		Breach of Law report issued in period
August	Finance	Submit Summer Accounts data to Scheme Actuary	31/08/2018	Complete		
September	Compliance	Run annual Data Quality checks so that results can be provided in the Annual Scheme Return	30/09/2018	Complete		
September	SIP	Conditional Data rectification work agreed and commenced	30/09/2018	In Progress		Cleanse activities scheduled for completion 31st March 2019
October	Event	Submit quarterly Accounting for Tax report to HMRC	31/10/2018	Outstanding		
October	Event	Issue Pension Saving Statements to those who exceed Annual Allowance	06/10/2018	Complete		
October	Event	Issue remaining Pension Saving Statements	31/10/2018	Complete		
October	Compliance	Issue data to the Finance team to support the completion of the Annual Scheme Return	06/11/2018	Complete		Scheme Return completed and issued to TPR ahead of deadline
October	SIP	Run Data Quality checks against the Hyman's data portal - The Brain	31/10/2018	Complete		Further data extract to be shared with Hyman's as part of requested report into Pension Fund Committee

Complaints:

Details of all outstanding complaint cases in the period are shown in the table below. It has been agreed that, in future, further narrative will be provided regarding the outcome of the complaint and the conclusion of the issue for the member.

Member Ref.	Date Rec'd	Details	Justified	Resolution	Status
Member AN	15/06/18	Delay in receiving AA statement	Y	Initial response provided to member, additional query raised regarding period of service	Final information received and response issued. Apology in relation to delays. Case complete
Member AQ	23/07/18	Non receipt of recycling documentation	N	Investigation undertaken, duplicate document issued	No evidence that original document received. Response issued with apology for inconvenience. Case complete.
Member AS	08/08/18	Member unhappy with the time taken to provide a retirement statement	Y	Investigation, including reviewing employer list to ensure up to date contacts held.	Response issued on receipt of missing information. Case complete
Member AT	10/08/18	Delay in providing retirement illustration	Y	Investigation identified missing salary information leading to delay	Response issued on receipt of missing information. Case complete
Member AU	20/08/18	Member unhappy with the length of time taken to conclude transfer in request	Y	Delay amalgamating pension records Now resolved	Records updated. Apology issued Case complete
Member AV	23/08/18	Delay in dealing with transfer in request		In progress	
Member AW	03/09/18	Member unhappy that address details were not updated and ABS was issued to previous address	N	No record of initial email to change address. Details updated on receipt of last email	Records update don receipt of information. Response issued to member Case complete
Member AX	06/09/18	Member having difficulty accessing the on-line portal	Y	Delay in resolving issue	Apology issued to member Case complete
Member AY	10/09/18	Delay in receiving estimate and details of applying for IH retirement	N	Guidance provided to member regarding process and the requirement to contact employer	Process re-iterated. Case complete
Member AZ	14/09/18	Member unhappy with the time taken to settle AVC and the communication throughout the process		In progress	

Member BA	19/09/18	Delay in finalizing retirement application	N	Correct procedure and timescales adhered to	Confirmation of process provided to member Case complete
Member BB	24/09/18	Original certificate returned to the wrong member	Y	Request that the original certificate is returned to us	Apology issued. Case complete
Member BC	27/09/18	Delay in providing information in relation to abatement		In progress	
Member BD	11/10/18	Delay in finalising retirement benefits	Y	Investigated, apology issued	Apology to member Case complete
Member BE	18/10/18	Delay in retirement process		In progress	
Member BF	29/10/18	Member unhappy as she is unable to transfer out of the scheme as they are within 12 months of NRD	N	Case investigated, response issued regarding schemes rules	No statutory right to transfer Case complete
Member BG	26/10/18	Member unhappy with time taken to provide estimate		In progress	

Regulatory Compliance

Regulation Breaches

The Pensions Act 2004 requires us to report breaches of the regulations to the Pensions Regulator (tPR). Breaches will be reported to the Scheme Manager in the first instance via the formal route. Where breaches occur, they will be classified under the following levels:

Level	Description
Red	Where the cause, effect, reaction and wider implications of a breach, when considered together, are likely to be of material significance
Amber	Where the cause, effect, reaction and wider implications of a breach, when considered together, may be of material significance
Green	Where the cause, effect, reaction and wider implications of a breach, when considered together, are not likely to be of material significance

A Breach of Law report has been prepared and issued in respect of remaining queries with employers that prevented ABS being issued by 31st August 2018.

Disclosure Breaches

In the event of a breach in disclosure requirements, we will report the reason and the corrective actions we have taken to the Scheme Manager. Subject to agreement with the Scheme Manager, details of the breach are captured on the formal breaches log (see below).

There have been no disclosure breaches in the reporting period.

Unauthorised Payments

The Registered Pension Schemes (Provision of Information) Regulations 2006 legislates for unauthorised payments. If we become aware of an unauthorised payment, we will notify the Scheme Manager.

There have been no unauthorised payments in the reporting period.

Accounting for Tax (AfT)

No payments have been made where a tax charge has arisen, which must be reported to HMRC.

Data Protection Act

The Data Protection Act sets out the principles that must be adhered to when dealing with "personal data". Personal data is classed as any information about a living person that can be used to identify them, such as their name, address or date of birth.

There have been no Data Protection breaches in the reporting period.

Appendix 1

Standard LGPS SLA Measures

Case Type	Measurement
Change of Personal Details	Process change to member details within 10 days of receipt of request
General Enquiries	Provide response to member or beneficiary within 10 days of receipt of correspondence
Request for Estimate of Benefits	Issue benefit quotation within 10 days of receipt of request
Leavers on Termination / Opting Out	Provide statement of Preserved Benefits within 20 days of notification of exit
	Process payment of refund of contributions within 10 days of receipt of notification
	Process payment of transfer value within 10 days of receipt of all relevant documentation
New Starters	Creation of system record within 4 days of receipt of notification
Retirements	Issue retirement quote to members 7 months prior to their normal retirement date
	Issue retirement quote within 10 days of receipt of request
	Process payment of pension lump sum on normal retirement date of within 10 days of receipt of preferred options where appropriate
Transfers In	Issue request for transfer details to previous scheme within 5 days of receipt of new starter details
	Issue request for payment of transfer value within 10 days of receipt of member's confirmation to

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

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

Appendix 2

Aged Breakdown of Outstanding Cases

Table 3: Case Age Breakdown

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>	10	3	0	1	0	0	0	0	0	0	0	2
<i>Enquiries</i>	60	37	2	17	1	31	0	12	0	0	0	1
<i>Request for Estimate of Benefits</i>	15	62	8	11	5	8	0	2	0	0	0	0
<i>Leavers</i>	21	255	24	114	10	128	2	30	1	34	13	49
<i>New Starters</i>	133	1	0	0	0	45	0	48	0	0	0	16
<i>Retirements</i>	9	63	1	14	2	22	0	7	0	5	0	8
<i>Transfers In</i>	6	17	1	15	6	20	1	2	0	1	0	7
<i>Transfers Out</i>	4	13	0	3	0	0	0	0	0	1	0	0
<i>Bereavements</i>	7	27	0	15	4	46	0	25	0	15	0	14
<i>Other</i>	139	171	18	67	9	113	8	86	2	29	2	55
Total	404	649	54	257	37	413	11	212	3	85	15	152

Appendix 3

Glossary of Terms

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

Appendix 4

“Other” Category

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

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

HMRC tax code changes

HMRC enquiries

GMP notifications

GMP enquiries

Child pension reviews

Continued eligibility queries

New entrants

Pension abatement

DWP enquiries

Change in working hours

Maternity leave

Nomination enquiries

Change in nomination details

Processing original certificates

BACS rejects

Payment reissues

NFI processing

Pensionable service updates

Power of Attorney / Court order deductions

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