

**MEETING**

**LOCAL PENSION BOARD**

**DATE AND TIME**

**TUESDAY 19TH NOVEMBER, 2019**

**AT 6.30 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

Salar Rida

David Woodcock

Councillor Thomas Smith

Vacancy

Substitute Members

Councillor Helene Richman

Alice Leach

In line with the Constitution's Public Participation and Engagement Rules, requests to submit public questions must be submitted by Thursday 14 November 2019, at 10AM. Requests must be submitted to Paul Frost - 0208 359 2205

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

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	
5.	Report of the Monitoring Officer (if any)	
6.	Members' Items (if any)	
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8.	Local Pension Board Update	15 - 36
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11.	Compliance with Code of practice 14	87 - 112
12.	Any other item(s) the Chairman decides are urgent	113 - 144

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## Decisions of the Local Pension Board

4 September 2019

Members Present:-

AGENDA ITEM 1

Geoffrey Alderman (Chairman)

Hem Savla (Vice-Chairman)

Stephen Ross  
Councillor Thomas Smith

Salar Rida

Also in attendance

Alice Leach – (substitute Member)

### 1. MINUTES OF LAST MEETING

The Chairman welcomed Board Members and Officers to the meeting. He noted that a Board Member had suggested that the Local Pension Board meetings could start at an earlier time. The Board Members agreed this.

#### **Resolved:**

Following some minor typographical error, the minutes of the last meeting held on 18 July 2019 were agreed.

Mr Salar Rida noted in relation to item 7 in the minutes Hem Savla made comments, he added that a response had been provided. Mr Rida requested to know why the errors had occurred and what was being done to ensure that such errors do not occur again. The Chairman therefore welcomed Capita's Solutions Manger Paul Faulkner to the meeting, he provided assurance to Board Members on this point that the matters were being worked on.

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

None

### 3. ABSENCE OF MEMBERS

An apology of absence was received from Mr David Woodcock.

The Chairman noted that a vacancy was illustrated within it's Membership and it was requested that Officers look to update it's Membership in order to fill the vacancy.

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

None.

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

None.

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

None.

**7. REGULATORY INTERVENTION**

The Interim Pensions Manager Mr Nigel Keogh introduced the item. He outlined that the Improvement Notice issued by The Pensions Regulator (TPR) on 25 July 2019 to London Borough of Barnet to address weaknesses in the processes and controls within the administration of the Barnet Pension Fund. He added that the report discussed the areas of improvement and actions taken to respond to the Notice. Mr Keogh further noted that the appendix to the report had been circulated prior to the meeting.

Board Members had the opportunity to comment on the report.

Prior to the Board considering the report's recommendation, Mr George Bruce requested that Board Members directed any further questions to him or Mr Keogh

Having considered the report the Local Pension Board:

Resolved:

The Local Pension Board noted the content of the response and the actions taken to comply with the Notice.

**8. DECISIONS MADE BY THE PENSION FUND COMMITTEE**

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

Mr Savla requested to know what the time lines of the triennial valuation work was that was required in order to achieve the outcomes. He requested that the Board received an update at the next meeting, this was supported by the Board Members. He also requested to know if the annual benefit statements target had been achieved, he was informed that it had.

Mr Ross asked if the matter raised during the public question had be considered and resolved. Mr Bruce said that options would be reported and the Pension Fund Committee. Mr Ross stated that the take up of staff in relation to AVCs is very low. Mr Bruce said that it could be advertised better, and it was generally noted that this could be looked at.

Having considered the report the Local Pension Board:

**Resolved:**

- That the Local Pension Board noted the procedures applied by the Pension Fund Committee when reaching decisions at recent meetings and considers any issues associated with those procedures and decisions. That the outcome of these discussions be reported back to the Pension Fund Committee.
- That the Local Pension Board agreed that it receive reports at the next 2 meeting to be briefed on the triennial valuation

**9. INTERNAL AUDIT REPORT - PENSION FUND FINANCE AND INVESTMENT**

The Head of Treasury and Pension, Mr George Bruce introduced the report. He informed Members that a further review had taken place of the Pension Fund focusing on finance and investments.

Having considered the report the Local Pension Board:

**Resolved:**

That the Local Pension Board note the Internal Audit report.

**10. EXTERNAL AUDITOR'S REPORT**

The Head of Treasury and Pension, Mr George Bruce introduced the report. He gave an overview of the external auditors report (ISA260) on the pension fund accounts for the year to 31 March 2019 is attached.

Mr Bruce said that he had hoped that the external auditor would be in attendance however they were not able to attend the meeting. Mr Bruce further noted that appendix A had been circulated and published on the Council's website however some members had not had sight of Appendix A.

Having considered the report the Local Pension Board:

**Resolved:**

- The Board agreed to defer the substantive debate to this item as Members had not had the time to consider the external auditors report fully.
- The Board requested that at its next meeting the external auditor be in attendance so that Members can provide detailed scrutiny
- The Board Members suggested that Board Members have the opportunity to be meet with the external auditor privately

**11. PERFORMANCE REPORT**

The Interim Pensions Manager Mr Nigel Keogh introduced the item.

Mr Paul Faulkner from Capita was given the opportunity to highlight the performance of the operational pensions administration service that was delivered by Capita. He stated that performance had improved and he said that it was his ambition for performance to improve.

Mr Ross welcomed the level of detailed within the report. He requested that the risk register be visible in a better format and therefore he was not able to consider the information in its format. This was noted.

Having considered the report the Local Pension Board:

**Resolved:**

- The Local Pension Board noted the current performance levels, plans for improvement and the plans for further development of monthly performance reporting.

**12. LOCAL PENSIONS BOARD WORK PROGRAMME**

- The Local Pensions Board noted the Work Programme.
- The Local Pensions Board agreed to start the next meeting at an earlier time.
- The Local Pensions Board agreed that as noted that earlier in the meeting it was requested that a triennial valuation be reported to a future meeting.
- The local Pension Board noted that it's annual report be presented at a future meeting.

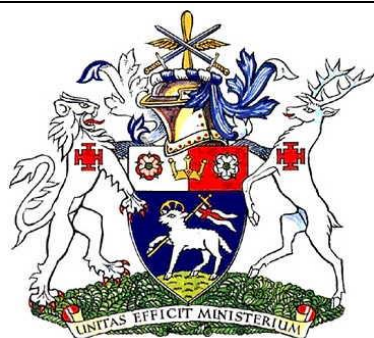
Mr Rida noted the Mc' Could court judgement. He said it was a landmark decision and outlined liabilities of Pension Funds. He requested that an update be provided which Mr Bruce responded to. In his response he said that the actuary had identified that the impact would be reflectively small to Barnet's Pension Fund however he said that there would be an impact to ~~XXXX~~ contribution? rates. Mr Nigel Keogh said that Barnet were working with the Local Government Association on this matter.

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

The meeting finished at 20:26

# Local Pension Board AGENDA ITEM 7

## 19 November 2019



<b>Title</b>	<b>2019 Triennial Valuation</b>
<b>Report of</b>	Director of Finance
<b>Wards</b>	N/A
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	Appendix 1 – Guide to the Triennial Valuation - exempt Appendix 2 – Managing employer risk
<b>Officer Contact Details</b>	George Bruce, Head of Treasury & Pensions 0208 359 7126 <a href="mailto:george.bruce@barnet.gov.uk">george.bruce@barnet.gov.uk</a>

### Summary

The funding position of the pension scheme and rate of contributions paid by employers is assessed every three years by the Scheme Actuary. The triennial valuation as at 31 March 2019 is progressing. The Actuary will attend the meeting to discuss the purpose of the valuation, the valuation processes and assumption and the completion timetable. A note on managing employer risk is attached.

### Officers Recommendations

1. That the Local Pension Board note the Actuary's overview of the triennial valuation process and timetable.

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 The Local Pension Board has asked to meet with the Scheme Actuary, Hymans Robertson. The Actuary is currently engaged in completing the March 2019 triennial valuation that will determine the Scheme and individual employer's funding position (assets and pension liabilities) together with the contribution rates payable in each of the three years to 31 March 2023. The Scheme has 61 employers with active membership that all require contribution schedules.
- 1.2 The valuation process is designed to ensure that the Barnet Pension Fund collects sufficient contributions so that together with current assets and future investments returns there is sufficient (but not excessive) assets to meet pension liabilities as they fall due. The Actuary is therefore required to agree with the Pension Fund Committee assumptions concerning future pension payments e.g. longevity, inflation, salary increases and future investment returns. With the process being repeated in three yearly cycles, progress to achieving 'full funding' is regularly monitored.
- 1.3 At the 2016 valuation, the Actuary determined that the valuation of the liabilities was £1,256 million, with a deficit of £339 million and set an average contribution rate of 17.9% together with additional annual lump sum contributions starting at £13.4 million increasing to £16.1 million.
- 1.4 The Actuary will discuss the actuarial valuation process and timetable. Attached for information (appendix 1) is a background document explaining the valuation process.
- 1.5 A member of the Board asked that the agenda include an item on managing employer risk. A note is attached (appendix 2) on this matter.

## **2. REASONS FOR RECOMMENDATIONS**

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

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 None - statutory function

## **4. POST DECISION IMPLEMENTATION**

- 4.1 The actions set out in the actuarial timetable will be followed.

## **5. IMPLICATIONS OF DECISION**

- 5.1 **Corporate Priorities and Performance**



5.1.1 Employers paid £48 million of contributions into the pension scheme in 2018/19. Changes in contribution rates can have a significant cashflow implication for employers and will impact on the Council's ability to spend in other areas.

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

5.2.1 There are no immediate financial implications from the report. However, higher deficits (particularly if sustained) may translate into higher contributions from the Council and other employers. Engaging with the Scheme Actuary during the 2019 triennial valuation will enable the Committee to identify ways to stabilise future contribution rates.

## 5.3 **Social Value**

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

## 5.4 **Legal and Constitutional References**

5.4.1 The Board's Terms of Reference include "ensuring the effective and efficient governance and administration of the LGPS for the LBB Pension Fund". The actuarial process is central to ensuring that the pension fund has sufficient assets to pay pensioners.

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

## 5.5 **Risk Management**

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

5.5.2 The value of the Pension Fund assets at any point in time is determined by the market and a large movement in the markets could have a significant impact on the surplus or deficit of the fund.

## 5.6 **Equalities and Diversity**

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

## 5.7 **Corporate Parenting**

5.7.1 Not applicable in the context of this report.

## 5.8 **Consultation and Engagement**

5.8.1 Not required.

## 5.8 **Insight**

5.8.1 The report provides insight into the future direction of employers' contribution rates.

## 6. **BACKGROUND PAPERS**

6.1 N/A.

### Managing Employer Risk

1. The Barnet Pension fund currently has 61 employers, each of whom is responsible for meeting the contribution set by the Actuary and providing the information required to meet the fund's obligations to Scheme members. The management of these risks is discussed below. Although the fund's assets are managed in aggregate, they and the liabilities, are allocated to individual employers and it is a responsibility of the administering authority to manage the scheme to reduce the risk that the liabilities of a defaulting employer will have to be shared between other employers.

#### Paying Contributions

2. The contribution rate is set by the Scheme Actuary to provide a reasonable, but not absolute, probability that the assets of the fund will be sufficient to pay the liabilities as they fall due. Many assumptions are used when determining the contribution rate and if the Actuary were to seek absolute assurance, the required level of contributions would be unaffordable. The Funding strategy statement discusses the basis on which contribution are set including critical assumptions such as:
  - The employer will continue to have active membership in the scheme
  - A time horizon over which deficit will be recovered
  - The required probability of achieving full funding over the designed period.
3. Historically the Actuary has used a required probability of achieving full funding of between 2/3rds and 70% and based deficit contributions on a 20-year recovery period. This is likely to remain the norm although the conditions of individual employers will be reviewed. Those with few active staff but significant liabilities may be switched towards a cessation basis (lower discount rate and therefore generates a greater liability value) or a shorter deficit recovery period.
4. Concern that Council's and actuaries were being overly optimistic in setting contribution rates caused the Government Actuary's Department being asked to review triennial valuation results and highlight outliers. One of the suggestions from GAD is that the projected date to achieve full funding should not roll forward at each valuation i.e. that deficit contribution periods should gradually reduce. The implications of following this approach will be considered prior to finalising the valuation.

#### Admitted Body Status

5. Employers who gain access to the Pension Fund by being awarded contracts involving the transfer of staff are known as admitted bodies. They are required to sign an admission agreement as is the contract awarding entity (typically the Council or an academy). The awarding entity is required in the admission agreement to guarantee the pension obligation of the admitted body thereby offering an additional layer of protection to the fund.
6. The second protection for admitted bodies is the provision of a bond or parent company guarantee. There is a requirement under scheme regulations to consider whether the risk of

admission require the provision of a bond or guarantor. If a bond is selected, the required value is calculated by the Actuary based on an estimate of the cessation liabilities. Where the admitted body has a parent entity that is considered of good financial standing e.g. listed entity, a guarantee from the parent will be considered. Part of the triennial valuation process is to review all the required bond values.

7. In circumstances in which a bond or guarantee are not available or prohibitively expensive, an alternative is to increase the contribution rate to reduce the probability that a deficit on cessation will occur.
8. Local authorities have the discretion to admit community admission bodies e.g. charities, who operate in the borough and whose goals are aligned with the Council. None participate in the fund and due to the uncertainty of their funding position, it's unlikely that the discretion would be exercised.

#### Academies

9. The majority (36) of the employers' in the pension fund are academies. The Government has provided a guarantee to LGPS Administering Authorities that in the event of the closure of an Academy Trust any outstanding LGPS liabilities will not revert to the fund. In the first instance, where an Academy Trust closes, the Department of Education (DoE) will ensure that the closure is effectively managed and would expect the liabilities to be met from the Academy Trust's assets on closure. The Secretary of State has the power to determine how the assets of an Academy Trust are disposed. Any remaining outstanding LGPS deficit would then be met by the Department in full. The Government has set a cap on its liability under this guarantee and plans to periodically review the guarantee.

#### Universities and Colleges

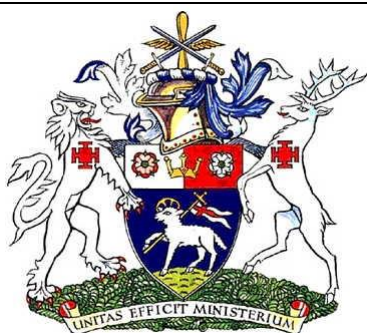
10. The fund has three universities and colleges who are not covered by a Government guarantee or the requirement to provide a bond / guarantor. Their position will be considered carefully when finalising the new contribution as they are significant employers.

#### Provision of Information by employers

11. In addition to the payment of contributions, the pension fund can only operate if employers provide information to enable benefits to be calculated and paid. The Fund has prepared an administration strategy that sets out the various parties including employers. If employers do not fulfil their obligations the fund can levy fines or may report the employer to the Pension Regulator.

#### Conclusion

12. The rise in the number and variety of scheme employers has increased the risk that the fund will suffer a default. The Council is the safest employer due to its tax raising powers and is therefore allowed to smooth changes in contribution rates (referred to as stabilisation). There is a requirement to pay greater attention to the employer covenant (ability to meet their obligations) and this will be factored into the contribution rates being set in the 2019 triennial valuation.



## Local Pension Board

19 November 2019

<b>Title</b>	<b>Local Pension Board – Annual Update Report 2018/19</b>
<b>Report of</b>	Head of Governance
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	Appendix A – Detailed Terms of Reference for Local Pension Board – Amended Appendix B – Local Pension Board, Forward Work Plan 2019/20
<b>Officer Contact Details</b>	Paul Frost, Governance Officer 020 8359 2205, <a href="mailto:paul.frost@barnet.gov.uk">paul.frost@barnet.gov.uk</a>

### Summary

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

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

<b>Recommendations</b>
<b>1. That the Local Pension Board note the report and the detail outlined at 1.4, 1.5, 1.7</b>
<b>2. That the Local Pension Board note Terms of Reference as highlighted within Appendix A</b>
<b>3. That the Local Pension Board note and comment on the annual work plan attached at Appendix B.</b>
<b>4. That the Local Pension Board note and comment on its proposed budget for 2019-20 as document in 1.14.</b>
<b>5. That the Local Pension Board note that this report be submitted to the next possible meeting of the Pension Fund Committee for information.</b>

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 The Public Service Pensions Act 2013 requires the establishment of Pension Boards to assist local authorities with the effective management of local pension funds. The Department for Communities and Local Government (now the Ministry for Housing, Communities and Local Government) has issued regulations and reporting guidelines concerning the implementation of Pension Boards.
- 1.2 The terms of reference of the Local Pension Board (LPB) was agreed by the General Functions Committee on 23<sup>rd</sup> March 2015 and following endorsement by Full Council. The terms of reference were formally adopted by the Local Pension Board on 29<sup>th</sup> July 2015.
- 1.3 On 27 July 2016 the Pension Fund Committee received an update report on the recruitment and the work of the LPB. The Committee noted that a future update report on the work of the LPB would be reported to a future meeting of the Pension Fund Committee.
- 1.4 On 29 November 2017 the Local Pension Board received its annual report and resolved:
- That the Local Pension Board noted and approved its amended Terms of Reference as highlighted within Appendix A
  - That the Local Pension Board noted its proposed budget for 2017/18 as document in 1.18 – 1.20 and requested that it be reviewed.
  - That the Local Pension Board noted the annual work plan attached at Appendix B and agreed that it be referred to the next meeting of the Pension Fund Committee for information.
  - The Local Pension Board noted that appointments be made to the two new Local Pension Board Member positions for agreement by Full Council. The Local Pension Board also expressed the view that ideally its membership should reflect a greater degree of social, gender and ethnic diversity.

- 1.5 Committee received an update report on the recruitment and the work of the LPB. The Committee noted that a future update report on the work of the LPB would be reported to a future meeting of the Pension Fund Committee.
- 1.6 The Local Pension Board's terms of reference, at Appendix A, set out the reporting guidelines which states that the Board shall report to the Pension Fund Committee as often as is necessary and at least annually:
- a summary of the work undertaken;
  - the work plan for the next 12 months;
  - details of training received and planned; and
  - details of any conflicts of interest and how they were dealt with.

The terms of reference also provide for this annual report to be considered by Full Council.

- 1.5 The Local Pension Board is requested to consider whether any breach in compliance or other significant issues that has come to their attention should be reported to Full Council such as:
- any areas of persistent non-compliance
  - any area of non-compliance within the LGPS Regulations that have been reported to the Pension Fund Committee
  - areas raised to the Board to be investigated and how they were dealt with;
  - any risks or other areas of potential concern it wishes to raise;

### Summary of Work Undertaken

- 1.7 Agendas, reports and minutes for the Local Pension Board can be found on the Council's Website:  
<http://barnet.moderngov.co.uk/ieListMeetings.aspx?CId=753&Year=0>
- 1.8 The follow items have been considered by the Local Pensions Board since June 2018:

Meeting	Item
<a href="#">Local Pension Board Wednesday 4th September, 2019 7.00 pm</a>	<ul style="list-style-type: none"> <li>• Regulatory Intervention</li> <li>• Decisions made Internal Audit Report - Pension Fund Finance and Investment by the Pension Fund Committee</li> <li>• External Auditor's Report</li> <li>• Performance Report</li> <li>• Local Pensions Board Work Programme</li> </ul>
<a href="#">Local Pension Board Thursday 18th July, 2019 7.00 pm</a>	<ul style="list-style-type: none"> <li>• Decisions made by the Pension Fund Committee</li> <li>• Regulatory Intervention</li> <li>• Performance Report</li> <li>• Operational Improvement Plan</li> <li>• Local Pension Board Work Programme</li> </ul>

<a href="#">Local Pension Board Tuesday 9th April, 2019 7.00 pm</a>	<ul style="list-style-type: none"> <li>• Member's Item Mr Salar Rida – Reporting Breaches Protocol</li> <li>• Pension Fund External Audit Plan for the year ended 31 March 2019</li> <li>• Pension Committee Decisions</li> <li>• Data Quality Update</li> <li>• Risk Register</li> <li>• Performance Report</li> <li>• Local Pensions Board Work Programme</li> </ul>
<a href="#">Local Pension Board Monday 11th February, 2019 7.00 pm</a>	<ul style="list-style-type: none"> <li>• Performance Report</li> <li>• Pensions Administration Strategy</li> <li>• Risk Register</li> <li>• Data Quality Report Final</li> <li>• Pension Fund Committee Decisions</li> </ul>
<a href="#">Local Pension Board Wednesday 21st November, 2018 7.00 pm</a>	<ul style="list-style-type: none"> <li>• Decisions made by the Pension Fund Committee</li> <li>• Member Training</li> <li>• Annual Benefit Statements</li> <li>• Late Contributions</li> <li>• GMP Update</li> <li>• Risk Register</li> <li>• Barnet Pension Fund Performance</li> </ul>
<a href="#">Local Pension Board Wednesday 5th September, 2018 7.00 pm</a>	<ul style="list-style-type: none"> <li>• Member's Item Mr Stephen Ross – Effective and Efficient Governance and Administration</li> <li>• External Auditor's Report under International Standard on Auditing ISA 260 for the year 2017/18</li> <li>• Decisions made by the Pension Fund Committee</li> <li>• Local Pension Board Pension Administration Report</li> <li>• Verbal update on the Annual Benefit Statement process for 2018</li> </ul>
<a href="#">Local Pension Board Tuesday 19th June, 2018 7.00 pm</a>	<ul style="list-style-type: none"> <li>• Local Pension Board Performance Overview</li> <li>• Local Pensions Board Work Programme</li> <li>• Audit Plan</li> </ul>

## Recommendations and Comments to the Pension Fund Committee

1.9 The Local Pension Board is expected to bring any recommendations or observations concerning the governance and management of the fund to the attention of the Pension Fund Committee. The Local Pension Board is requested to give consideration to this and provide any instructions as appropriate.

- The Chairman of the Local Pension Board attended the Pension Fund Committee on meeting [26 March 2019](#) in order to outline a number of the Board's concerns in relation to data quality.
- The Chairman of the Local Pension Board attended the Pension Fund Committee on meeting [09 September 2019](#) in order to outline a number of the Board's concerns in relation to data quality.



1.10 The Local Pension Board is requested to note its Membership arrangements as set out within its terms of reference within appendix B and provide instructions.

### **Matters to be reported to the Pension Fund Committee and Full Council**

1.11 There are a number of additional matters set out in the terms of reference that require reporting to either the Pension Fund Committee (1.9 to 1.13) or to Full Council (1.14 to 1.17). Each of these is discussed below.

### **Details of Training Received and Planned**

1.10 Training was undertaken by individual members of the Board as detailed in 1.14 and 1.15 below. It is noted that one Local Pension Board Member is yet to obtain all sections of the Local Pensions Tool Kit, this was a requirement of the Pensions Regulator. The Board is currently carrying a vacancy which the Head of Pensions and Treasury is working on in consultation with the Governance service to rectify.

### **Details of conflicts of interest and how dealt with**

1.11 None

### **Any areas of persistent non compliance**

1.14 See 1.13 and 1.14 below.

1.15 The Board has noted that reports have been submitted to the Pensions Fund Committee that have outlined matters in relation to the intervention of the Pensions Regulator and the Council's response via its improvement plan. This also outlined delays in the receipt of contributions.

### **Areas reported to the Board to be investigated and how they were dealt with**

1.12 Members of the Board have identified issues relating to pension administration regularly at meetings that have been discussed with officers and Capita at Board meetings. The Chairman of the Board has attended Pension Fund Committee meetings to discuss concerns with the administration of the pension fund.

### **Any risks or other areas of concern that it wishes to raise**

1.13 The Board continues to have concerns with the administration of the Pension Scheme in particular:

- Late annual benefit statements and other issues discussed with The Pension Regulator
- The case backlog of unresolved issues of Members
- Deterioration of service standards in 2019
- The delay in providing triennial data to the scheme actuary. This has an impact on the triennial valuation and its completion.

## Board Budget

1.14 The terms of reference include a requirement to prepare an annual budget for approval by the Pension Fund Committee. The Pension Fund Committee approved an annual budget of £36,072 its October 2016 meeting. Expenditure by the Board from June 2018 – 04 September is detailed below:

Training	Date	Cost
CIPFA annual pension conference	13 November 2019	£295
CIPFA Pension Board conference	7 October 2019	£405

1.15 Collective training was provided at Board meetings e.g. the attendance of the Scheme Actuary. Board members also attended joint training on 29<sup>th</sup> May 2018 with the Pension Committee covering a range of pension fund issues.

1.16 The Member attendance costs which impact on the Board's Budget are outlined below:

Meeting Dates	Attendance Cost
<a href="#">Local Pension Board Wednesday 4th September, 2019 7.00 pm</a>	£127 x 5 = £635
<a href="#">Local Pension Board Thursday 18th July, 2019 7.00 pm</a>	£127 x 4 = £635
<a href="#">Local Pension Board Tuesday 9th April, 2019 7.00 pm</a>	£127 x 6 = £762
<a href="#">Local Pension Board Monday 11th February, 2019 7.00 pm</a>	£127 x 6 = £762
<a href="#">Local Pension Board Wednesday 21st November, 2018 7.00 pm</a>	£127 x 6 = £762
<a href="#">Local Pension Board Wednesday 5th September, 2018 7.00 pm</a>	£127 x 5 = £635
<a href="#">Local Pension Board Tuesday 19th June, 2018 7.00 pm</a>	£127 x 5 = £635
<b>Total</b>	<b>£4,826</b>

1.17 With the addition of fees for attending external conferences of £700, the total Board expenses in the period to 31 October amount to £5,526.

1.18 The budget below is proposed for 12 months to 31 October 2020. In addition to attendance fees and external training a budget of £25,000 has been included for Board support. No specific expenditure has been identified for this category, but it is considered appropriate to maintain a provision should

the Board determine that expert external assistance is required. From time to time, the Board may wish to commission an independent external advisor to review and make recommendations in relation to a specific issue. Should there be a requirement to call on this support, the Board should agree the issue to be considered and the terms of engagement (i.e. scope and upper funding limit). Attendance at meetings by Scheme advisors is not charged against the Board's budget although if the Board were to commission additional work, this will be reflected in their expenses.

<b>Attendance and Training</b>	Board Member attendance fees	£2,286
	Board Member Training attendance fees	£2,286
	Board Member training attendance fees	£3,000
<b>Board Administration</b>	Board support	£25,000
<b>Total</b>		<b>£32,572</b>

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

## **2 REASONS FOR RECOMMENDATIONS**

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

## **3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

3.1 None in the context of this report.

## **4 POST DECISION IMPLEMENTATION**

4.1 This report will be included on the agenda for the next Pension Fund Committee. The Board will be informed of responses from the Committee.

4.2 Following consideration by the Pension Fund Committee, the report will be considered by Full Council on 28 January 2020 in accordance with the Board's terms of reference.

## **5 IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

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

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

5.2.1 The budget for the Board is discussed in paragraph 1.14 above.

## **5.3 Social Value**

5.3.1 None in the context of this report.

## **5.4 Legal and Constitutional References**

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

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

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

5.4.3 The terms of reference of the Board also state that "The Board shall report annually to Full Council on its work."

## **5.5 Risk Management**

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

## **5.6 Equalities and Diversity**

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

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

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

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

## **5.7 Consultation and Engagement**

5.7.1 None in the context of this report.

## **5.8 Insight**

5.8.1 None in the context of this report.

## **6BACKGROUND PAPERS**

6.1Background reports can be referenced in the links about at sections 1.6 and 1.15

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## **Terms of Reference for the London Borough of Barnet Pension Board**

The purpose of this document is to set out the detailed Terms of Reference for the Local Pension Board of the London Borough of Barnet Pension Fund.

### **1. Role of the Local Pension Board**

1.1 The role of the local Pension Board, as defined by sections 5(1) and (2) of the Public Services Pension Act 2013 and regulation 106 of the Local Government Pension Scheme (LGPS) Governance Regulations 2013 is to:

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

- submit an annual budget to the Barnet Pension Fund Committee for approval.

1.2 The Local Pension Board does not replace the Administering Authority or make decisions or carry out duties which are the responsibility of the Administering Authority (refer to Compliance statement). The Pension Board is an advisory/scrutiny board and does not have decision making powers.

1.3 The Administering Authority retains ultimate responsibility for the administration and governance of the scheme. The role of the Board is to support the Administering Authority to fulfil that responsibility and secure compliance with any requirements imposed by the Pensions Regulator.

## **2. Appointment of members of the Pension Board**

2.1 All Board members will be appointed by Full Council. It is a statutory requirement (section 248A of the 2004 Act) that the Administering Authority must be satisfied that every individual member of the Pension Board:

2.2 Is conversant with;

- the legislation and associated guidance of the Local Government Pension Scheme
- any document recording policy about the administration of the fund which is for the time being adopted by LBB Fund; and

2.3 has knowledge and understanding of;

- the law relating to pensions; and
- such other matters as may be prescribed

## **3 Rules governing Membership the Local Pension Board**

3.1 Local Pension Boards must include an equal number of employer and member representative with a minimum requirement of no fewer than four in total.

3.2 No officer or Councillor who would be responsible for the discharge of any functions under the Regulations (apart from any relating to LPB) may be a Member of the Local Pension Board of that authority.

3.3 Officers precluded would be any officer named in the scheme of delegation (e.g. Section 151 Officer and the head of investments). The guidance also states that consideration should be given as to whether officers of the Fund at a senior level, who are not named in the formal scheme of delegation, but who are responsible for discharging functions under the Regulations, should be precluded from being a member of the LPB.

## **4 Composition of the Board**



4.1 The Board shall consist of 7 members constituted as follows:

- 3 employer representatives comprising:
  - 1 councillors who are not members of the Pension Fund Committee
  - 2 employer representatives from an admitted or scheduled body (e.g. Re, CSG or Middlesex University)
  
- 3 scheme member representatives (employee side) comprising:
  - 1 active members
  - 2 retired/deferred members

• **1 independent member/advisor**

Having no current employment, contractual, financial or other material interest in the Council or any scheme employer fund and not being a member of the LGPS Fund.

4.2 Independent and Scheme Members shall be appointed following a public recruitment, selection and interview process.

## **5. Chairman and Vice-Chairman of the Board**

5.1 The Chairman and Vice-Chairman of the Board will be appointed by Members of the Board as the first business at their first meeting.

5.2 Should the elected Chairman be an Employer representative the Vice-Chairman must be a Scheme Member representative and vice versa.

## **6. Substitute Members**

6.1 Each member will have a substitute to act as Board member in her/his absence, which will be recommended following a recruitment process consistent with their own appointment. These nominations will be approved as part of the overall appointments made by Full Council.

**NB:** The independent member shall not have a substitute.

## **7. Quorum**

7.1 The Pension Board will be quorate when three voting Pension Board Members are in attendance.

## **8. Period of Office**

8.1 Each Board member shall be appointed for a fixed period of four years, which appointment will normally occur at the Annual Council meeting.

## **9. Termination of office**

- 9.1 Each Board member will be expected to attend all meeting and training sessions during the year. The membership of any member who fails to attend two or more meetings shall be reviewed and determined by other Board members in consultation with officers.
- 9.2 The removal of a member from office during her/his term of appointment can only be effected by the unanimous agreement of the other members present at the meeting.
- 9.3 In the absence of mitigating factors a Board member can be removed from the Board in the following circumstances (but not limited to):
- A poor attendance record;
  - If a member does not undertake training as requested;
  - If a member is in breach of Council's Code of Conduct, Pension Board Code of Conduct and Conflict of Interest policy;
  - If a member has a conflict of interest that cannot be managed in accordance with the Board's conflicts policy.
- 9.4 Should the Council representative members, or the active scheme member(s) cease to be Council representatives or active scheme members, he/she will automatically cease to be a member of the Board and the Administering Authority will conduct a replacement process.
- 9.5 Any Board member choosing not to continue her/his role must provide a written notice of resignation from their post to the Governance Service. The notice period shall be two months. Once the written notice is received the Board shall be notified accordingly and arrangements shall be made for a replacement in line with the procedures for the original appointment.

## **10. Voting Rights (this is dependent on makeup of the Board)**

- 10.1 All Board Members will have equal voting rights.
- 10.2 In the event of an equality of voted the Chairman will have the casting vote.

## **11. Frequency of meeting**

- 11.1 The number of meetings a year should be in alignment with the number of the Pension Committee meetings year, or should be determined by the Board once it has agreed a workplan, with a minimum of two meetings annually.

## **12. Notice of meeting and circulation of papers**

- 12.1 In accordance with the Access to Information Procedure Rules as set out in the Council's Constitution.

### **13. Minutes**

13.1 In accordance with the Access to Information Procedure Rules as set out in the Council's Constitution.

### **14. Accountability and reporting**

14.1 The Board is accountable solely to the Council for the effective operation of its functions.

14.2 The Board shall report to the Pensions Committee as often as the Board deems necessary and at least annually:

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

On certain matters the board will report directly to Council;

14.3 The Board shall report annually to Full Council on its work.

14.4 It will also and as necessary from time to time report to Full Council any breach in compliance or other significant issues such as:

- any areas of persistent non-compliance
- any area of non-compliance within the LGPS Regulations that have been reported to the Pension Fund Committee
- areas raised to the Board to be investigated and how they were dealt with;
- any risks or other areas of potential concern it wishes to raise;

### **15. Code of Conduct**

15.1 All members of the Board are expected to act in accordance with Barnet Council's Code of Conduct for Councillors, and where applicable and the Pensions Regulator's Code of Practice.

### **16. Conflicts of interest**

16.1 All members of the Board must declare on appointment and at any such time as their circumstances change any potential conflict of interest arising as a result of their position on the Board.

16.2 In accordance with s5(5) Public Service Pension Act 2013, a Board member must not have a financial or other interest that could prejudice him/her in carrying out his/her Board duties. This does not include a financial or other interest arising merely by virtue of being a member of the LGPS.

16.2 On appointment to the Board and following any subsequent declaration of potential conflict the conflict must be managed in line with the Council's Members Code of Conduct, the Local Government Pension Scheme (LGPS)

Guidance on Conduct of Members and Conflicts of Interest, the requirements of the Public Service Pensions Act 2013 and the requirements of the Pensions Regulator's codes of practice on conflict of interest for Board members.

## **17. Knowledge and understanding including training**

- 17.1 All new members must follow an induction training plan and all members of the Board will be expected to attend the training provided to ensure that they have the requisite knowledge and understanding to fulfil their role.
- 17.2 All members must be prepared to participate in such regular personal training needs analysis or other processes as are put in place to ensure that they maintain the required level of knowledge and understanding to carry out their role.
- 17.3 Failure to attend training or participate in the processes may lead to membership being reviewed.

## 18. Definitions

The following terms shall have the following meanings when used in this document:

<i>Administering Authority</i>	London Borough of Barnet
<i>Board or Pension Board</i>	The local Pension Board for the London Borough of Barnet, Administering Authority for the London Borough of Barnet Pension Fund as required under the Public Service Pensions Act 2013
<i>Board Member</i>	A member of the Board including Employer representatives, Scheme Member representatives and an independent member
<i>Code of Practice</i>	The Pensions Regulator's [draft] Code of Practice no 14 entitled " <i>Governance and administration of public service pension schemes.</i> "
<i>Conflicts of Interest</i>	As defined in the Public Service Pensions Act 2013
<i>Employer Representative</i>	A person appointed to the Board for the purpose of representing employers for the Scheme
<i>Fund</i>	The London Borough of Barnet Pension Fund within the Scheme administered and maintained by the Scheme Employer
<i>Independent</i>	A Member of the Board who is neither an Employer

<i>Member</i>	Representative nor a Member Representative
<i>LGPS</i>	The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.
<i>Member Representative</i>	A person appointed to the Board for the purpose of representing members of the Scheme
<i>Scheme</i>	The Local Government Pension Scheme as defined under LGPS
<i>Scheme Manager</i>	London Borough of Barnet as administering authority of the London Borough of Barnet Pension Fund


**London Borough of Barnet**  
**Local Pensions Board - Work Programme**  
**February 2020 – September 2020**

Title of Report	Overview of decision	Report Of	Issue Type (Non key/Key/Urgent)
<b>10 February 2020</b>			
Decisions made by the Pension Fund Committee	To approve the Pension Fund Committees decision making processes.	Finance Director	Non-Key
Performance Report	To monitor the performance of the pension administration service	Finance Director	Non-Key
Remediation plan and regulatory intervention	To review progress of the remediation plan and ongoing dialogue with the Pensions Regulator.	Finance Director	Non-key
Communications policy	To review the Scheme's communications policy and propose enhancements	Finance Director	Non-Key
Scheme Risk register	To present an updated scheme risk register	Finance Director	Non-key
<b>7 April 2020</b>			
Decisions made by the Pension Fund Committee	To approve the Pension Fund Committees decision making processes.	Finance Director	Non-Key
Performance Report.	To monitor the performance of the pension administration service including remediation plan update.	Finance Director	Non-Key



<b>Subject</b>	<b>Decision requested</b>	<b>Report Of</b>	<b>Contributing Officer(s)</b>
External Audit Plan	To note the work to be undertaken by the external auditor in respect of the Fund's 2018-19 accounts.	Finance Director	Non-Key
Triennial valuation	To review the Actuary's valuation report.	Finance Director	Non-Key
<b>25 June 2020</b>			
Decisions made by the Pension Fund Committee	To approve the Pension Fund Committees decision making processes.	Finance Director	Non-Key
Performance Report	To monitor the performance of the pension administration service	Finance Director	Non-Key
Compliance with TPR code of practice	Detailed review of Barnet's compliance with TPR code of Practice	Finance Director	Non-Key
<b>2 September 2020</b>			
Decisions made by the Pension Fund Committee	To approve the Pension Fund Committees decision making processes.	Finance Director	Non-Key
Performance Report	To monitor the performance of the pension administration service	Finance Director	Non-Key
External Auditors report	To review and challenge the external auditor on their annual accounts review and report	Finance Director	Non-key
Annual Benefit Statement report	To report on the outcome of the exercise to issue annual benefit statements	Finance Director	Non-key

Subject	Decision requested	Report Of	Contributing Officer(s)
Board annual report	To agree the annual report of the Board and budget for the next 12 months	Head of Governance	Non-Key
<b>17 November 2020 - Items to be allocated</b>			
<b>4 February 2020 - Items to be allocated</b>			

	<h2>Local Pension Board</h2> <h3>19 November 2019</h3>
<b>Title</b>	<b>Decisions made by the Pension Fund Committee</b>
<b>Report of</b>	Director of Finance
<b>Wards</b>	n/a
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	None
<b>Officer Contact Details</b>	George Bruce, Head of Treasury, <a href="mailto:george.bruce@barnet.gov.uk">george.bruce@barnet.gov.uk</a> - 0208 359 7126

### Summary

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

### Officer Recommendations

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

## **1. WHY THIS REPORT IS NEEDED**

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

### **Meeting 9 September 2019**

- 1.4 The meeting was attended by Professor Alderman (Chairman of the Local Pension Board), Mr Jellema and Mr Deal of Hymans Robertson (investment Advisor), Ms Darr (Director of Finance) and officers from Governance and Finance.
- 1.5 Each of the agenda items for which a paper was presented is discussed below.

#### 2019 Triennial Valuation

- 1.6 This item was withdrawn as the Actuary was awaiting data to commence the valuation process. The Committee requested a subsequent training session on actuarial assumptions and processes.

#### The Pension Regulator – Improvement Notice

- 1.7 This agenda item was in line with the report made to the Board meeting on 4 September and discussed the response to TPR's improvement notice. The Chairman of the Local Pension Board voiced their concern in relation to data cleaning and the performance of the administration function. The Committee noted the report and agreed that they would consider a request at the next meeting for a paper to Policy and Resources Committee considering the options for future delivery pension administration services. An update will be provided to both the November Board and Committee meetings.

#### Investment Strategy

- 1.8 Hymans presented a paper considering the required level of currency hedging on non-sterling investments, the current level of exposure to overseas currencies and the pace at which any changes should be implemented. The Committee discussed the recent depreciation of sterling, the consequential gains and the impact of future movements. The Committee were of the view that it was appropriate to protect some of the recent gains made through the depreciation of sterling and agreed to increase the level of currency hedging to 55% of non-sterling assets.
- 1.9 A previous decision to commit £30 million to the LCIV Private Debt fund was confirmed.

### Admission Agreements

- 1.10 An update was provided on progress to complete outstanding admission agreement, cessations and bonds. Although some progress had been made there was still a long-standing backlog of issues. The Committee noted the report.

### Annual Performance Report

- 1.11 The investment returns of the fund are benchmarked against other local authorities by PIRC. Their annual report to 31 March 2019 was tabled considering relative returns for periods between one and thirty years. Although performance at asset class level was mainly on a par or above the local authority average, total returns lagged the average fund because of the high allocation to diversified growth funds and a consequential underweighting to the best performing asset class in the last ten years; equities.

### Quarterly Investment Performance Update

- 1.12 The Committee discussed and noted fund transactions and performance in the quarter. Hymans discussed the performance of the fund and no issues with appointed managers were highlighted.

## **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 by assisting in maintaining the integrity of the Pension Fund through 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 Public Service Pensions Act 2013 requires the Council to establish a Pension Board, whose role is to assist the Council in securing compliance with legislation, regulation and best practice, including as set out in the Pension Regulator's Code of Practice.

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

#### **5.5 Risk Management**

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

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

#### **5.6 Equalities and Diversity**

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

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

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

#### **5.7 Corporate Parenting**

5.7.1 N/A

## 5.8 **Consultation and Engagement**

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

## 5.9 **Insight**

5.9.1 N/A.

## 6. **BACKGROUND PAPERS**


6.1 Papers and minutes of the Pension Fund Committee Meeting held on 9 September 2019.

<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=191&MId=9919&Ver=4>

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	<h2>Local Pension Board</h2> <h3>19 November 2019</h3>
<p style="text-align: center;"><b>Title</b></p>	<p><b>External Auditor's Report under International Standard on Auditing (ISA) 260 for the year 2018/19</b></p>
<p style="text-align: center;"><b>Report of</b></p>	<p>Director of Finance</p>
<p style="text-align: center;"><b>Wards</b></p>	<p>All</p>
<p style="text-align: center;"><b>Status</b></p>	<p>Public</p>
<p style="text-align: center;"><b>Urgent</b></p>	<p>No</p>
<p style="text-align: center;"><b>Key</b></p>	<p>No</p>
<p style="text-align: center;"><b>Enclosures</b></p>	<p>Appendix A – External Auditor's ISA 260 report</p>
<p style="text-align: center;"><b>Officer Contact Details</b></p>	<p>George Bruce, Head of Treasury, 0208 359 7126  <a href="mailto:george.bruce@barnet.gov.uk">george.bruce@barnet.gov.uk</a></p>
<h2>Summary</h2>	
<p>The external auditors report (ISA260) on the pension fund accounts for the year to 31 March 2019 is attached. The Auditor will be attending the meeting.</p>	

## Officers Recommendations

That the Local Pension Board:

1. note the matters raised by the external auditor in respect of the audit of the 2018/19 Accounts and Annual Report; and
2. consider whether there are any matters arising from the Auditor's Report on which they require additional information or action.

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 Under Section 151 of the Local Government Act 1972 - "...every local authority shall make arrangements for the proper administration of their financial affairs...". Additionally, in accordance with International Standard on Auditing (ISA) 260, the external auditor is required to issue detailed reports on matters arising from the audit of the council's accounts and pension fund accounts. There are also specific legal requirements in relation to the accounts and the annual report as set out in section 5.4 below.
- 1.2 The external auditor will be attending the meeting to discuss their report (appendix A). The Audit of the 31 March 2019 accounts has been finalised and unqualified audit opinion issued by BDO. Key pages from the report are 23 (unadjusted audit differences) and pages 25/26 (recommendations). The three audit recommendations have been accepted. Progress with the recommendations will be discussed at the meeting.

## **2. REASONS FOR RECOMMENDATIONS**

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

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 Not applicable in the context of this report.

## **4. POST DECISION IMPLEMENTATION**

- 4.1 None.

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

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

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

- 5.2.1 This report sets out the framework for the assessment of the Pension Fund's financial reporting and management as well as value for money.
- 5.2.2 The external audit fees for 2018/19 are £35,979 (£43,810 for 2017/18).
- 5.2.3 In accordance with International Standard on Auditing (ISA) 260, the external auditor is required to issue detailed reports on matters arising from the audit of the Council's accounts and Pension Fund accounts.

- 5.2.4 The ISA 260 report must be considered by “those charged with governance” before the external auditor can sign the accounts”.
- 5.2.5 The external auditor, BDO was presented with draft financial statements on 31<sup>st</sup> May 2019.
- 5.3 Social Value**
- 5.3.1 Arrangements for proper administration of financial affairs and contributing to the Pension Fund ensures that contributing members have a secured income on retirement.
- 5.4 Legal and Constitutional References**
- 5.4.1 The Board’s Terms of Reference include “ensuring the effective and efficient governance and administration of the LGPS for the LBB Pension Fund”.
- 5.5 Risk Management**
- 5.5.1 The external audit ISA 260 report highlights areas of good control and areas of weakness which need to be addressed. Failure to do so carries the risk of adverse financial and/or reputational consequences.
- 5.6 Equalities and Diversity**
- 5.6.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant ‘protected characteristic’ and those who do not share it; and 3) fostering good relations between persons who share a relevant ‘protected characteristic’ and persons who do not share it. The ‘protected characteristics’ are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality.
- 5.6.2 Ensuring the long term financial health of the Pension Fund will benefit everyone who contributes to it. Access to and participation in the Pension Fund is open to those with and those without protected characteristics, alike, provided that the criteria set out within the relevant Regulations are met
- 5.7 Corporate Parenting**
- 5.7.1 Not applicable in the context of this report.
- 5.8 Consultation and Engagement**
- 5.8.1 Not required.
- 5.9 Insight**
- 5.9.1 Not applicable in the context of this report.

## 6. BACKGROUND PAPERS

- 6.1 Audit plan presented to the Pension Fund Committee on 26 March 2019, agenda item 11.  
<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=191&MId=9500&Ver=4>



Report to the Pension Fund Committee

# LONDON BOROUGH OF BARNET PENSION FUND

Audit Completion Report: Year ended 31 March 2019

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# WELCOME

## Introduction

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We have pleasure in presenting our initial Audit Completion Report to the Pension Fund Committee. This report is an integral part of our communication strategy with you, a strategy which is designed to ensure effective two way communication throughout the audit process with those charged with governance.

It summarises the results of completing the planned audit approach for the year ended 31 March 2019, specific audit findings and areas requiring further discussion and/or the attention of the Pension Fund Committee. At the completion stage of the audit it is essential that we engage with the Pension Fund Committee on the results of our audit of the financial statements comprising: audit work on key risk areas, including significant estimates and judgements made by management, critical accounting policies, any significant deficiencies in internal controls, and the presentation and disclosure in the financial statements.

We will issue a final Audit Completion Report once any outstanding work has been completed. We look forward to discussing these matters with you at the Pension Fund Committee meeting and to receiving your input.

In the meantime if you would like to discuss any aspects in advance of the meeting we would be happy to do so.

This report contains matters which should properly be considered by the Council as a whole. We expect that the Pension Fund Committee will refer such matters to the Council, together with any recommendations, as it considers appropriate

We would also like to take this opportunity to thank the management and staff of the Pension Fund for the co-operation and assistance provided during the audit.

Leigh Lloyd-Thomas

26 July 2019



**Leigh Lloyd-Thomas**  
Engagement lead

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Audit Manager

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. This report has been prepared solely for the use of the Pension Fund Committee and those charged with governance. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.

# OVERVIEW

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This summary provides an overview of the audit matters that we believe are important to the Pension Fund Committee in reviewing the results of the audit of the financial statements of the Pension Fund for the year ended 31 March 2019.

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



### Overview

Our audit work is substantially complete and subject to the successful resolution of outstanding matters, we anticipate issuing our opinion on the financial statements for the year ended 31 March 2019 in line with the agreed timetable.

Outstanding matters are listed in the appendices.

There were no significant changes to the planned audit approach and no additional significant audit risks have been identified.

No restrictions were placed on our work.

### Audit report

We anticipate issuing an unmodified audit opinion on the financial statements.



# THE NUMBERS

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### Final materiality

Final financial statements materiality was determined based on 1% of the value of investments in the Net Assets Statement (£1.142 billion).

Specific materiality on the fund account was based on 5% of contributions (£58.7 million).

We have increased our materiality from the planning materiality of £10.9 million to £11.4 million as a result of increase in valuation of investment asset at year end.

There were no changes to final specific materiality for the fund account.

### Corrected misstatements

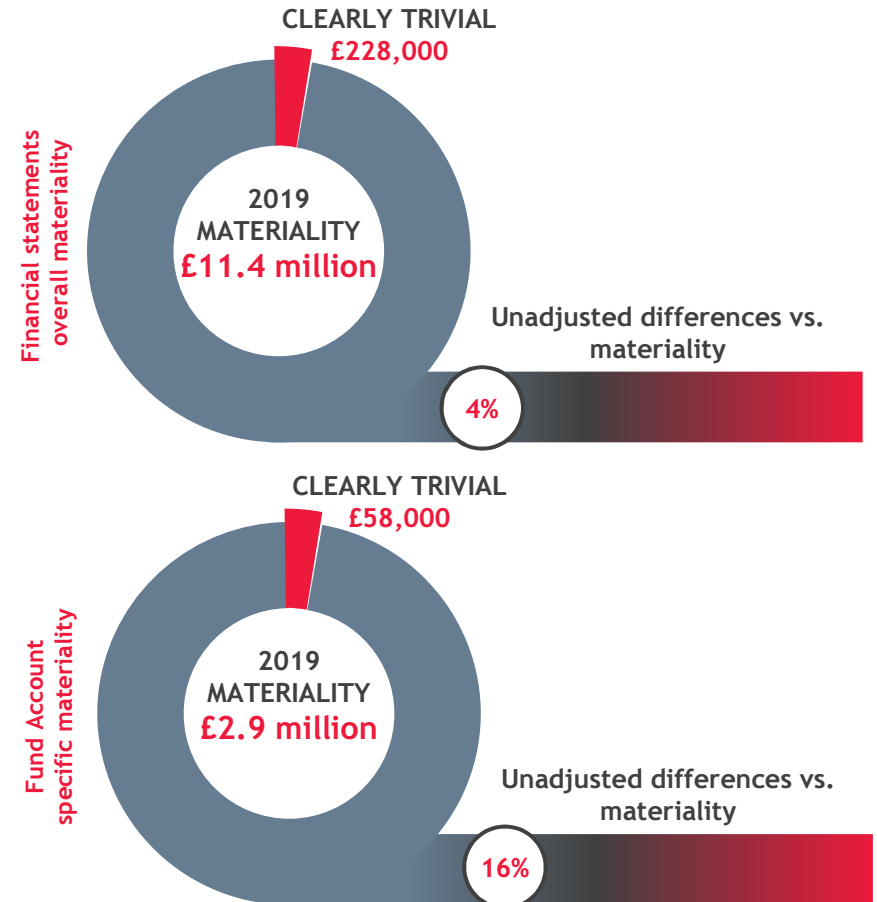
We found that £793,000 of deficit contributions due from Middlesex University had not been billed or paid over by the employer. This has since been billed and corrected in the financial statements.

### Unadjusted audit differences

We identified four other audit differences that have not been corrected by management.

If corrected, these would increase the net assets by £459,000 in the Net Assets Statement. The Fund Account (excluding market value changes on investments) would report an increase in net income of £229,000 and a total increase of £459,000.

We also identified additional pension liabilities in respect of the McCloud age discrimination and GMP gender discrimination legal judgements that would increase the fund liability to pay future pensions by £9.6 million. While the pension liability is not reported in the Net Asset Statement, it is a material disclosure that highlights the solvency of the fund under the financial reporting standards. This disclosure is not prepared on the same basis as the actuarial triennial valuation of the fund when determining the employer contributions every three years.



# OTHER MATTERS

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### Financial reporting

- We have not identified any non-compliance with accounting policies or the applicable accounting framework.
- No significant accounting policy changes have been identified impacting the current year.
- Going concern disclosures are deemed sufficient.
- The pension fund annual report is consistent with the financial statements and our knowledge acquired in the course of the audit.

### Other matters that require discussion or confirmation

- Confirmation on fraud, contingent liabilities and subsequent events.
- Letter of Representation.

### Independence

We confirm that the firm and its partners and staff involved in the audit remain independent of the Pension Fund in accordance with the Financial Reporting Corporation's Ethical Standard.



## AUDIT RISKS OVERVIEW

As identified in our Audit Plan dated 11 February 2019 we assessed the following matters as being the most significant risks of material misstatement in the financial statements. These include those risks which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit and the direction of the efforts of the engagement team.

Audit Risk	Risk Rating	Significant Management Estimates or Judgement	Use of Experts Required	Error Identified	Significant Control Findings	Discussion points / Letter of Representation
Management override of controls	Significant	No	No	No	No	No
Pension liability valuation	Significant	Yes	Yes	Yes, unadjusted	No	Impact of McCloud and GMP liability on actuarial value of future promised benefits
Membership disclosure	Normal	No	No	Yes, unadjusted	Yes	Errors found in membership data
Valuation of investment assets	Normal	No	No	Yes, unadjusted	No	Late valuation report received not adjusted
Benefits payable	Normal	No	No	Yes, unadjusted	No	Cut off issues
Classification of financial instruments	Normal	No	No	No	No	No
Contributions receivable	Normal	No	No	Yes, adjusted / unadjusted	Yes	Unbilled deficit contributions Unbilled pension strain costs Weaknesses in monitoring contributions due
Funding of Barnet and Southgate deficit	Normal	No	No	No	No	No

 Areas requiring your attention

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# MANAGEMENT OVERRIDE OF CONTROLS

**ISA (UK) 240 presumes that management is in a unique position to perpetrate fraud.**

## Risk description

The primary responsibility for the detection of fraud rests with management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity. They are responsible for establishing a sound system of internal control designed to support the achievement of departmental policies, aims and objectives and to manage the risks facing the organisation; this includes the risk of fraud.

Under auditing standards there is a presumed significant risk of management override of the system of internal controls that could conceal fraudulent transactions or result in material misstatement in the financial statements.

## Work performed

We carried out the following planned audit procedures:

- Reviewed and verified large and unusual journal entries made in the year and agreeing the journals to supporting documentation; and
- Reviewed estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias.

## Results

Our audit work on journals did not identify any issues or indication of management override of controls that impact on the financial statements.

We have not found any indication of management bias in accounting estimates. Our views on significant management estimates are set out in this report.

Significant risk
Normal risk
Significant management judgement
Use of experts
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# PENSION LIABILITY VALUATION

There is a risk the membership data and cash flows used by the actuary in the roll-forward valuation may not be correct, or the valuation uses inappropriate assumptions to value the liability.

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Normal risk	
Significant management judgement	
Use of experts	
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## Risk description

The fund's actuarial value of future promised retirement benefits is calculated by an independent firm of actuaries. The estimate is based on the roll forward of membership data from the 2016 triennial valuation exercise, updated at 31 March 2019 for factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability. There is a risk the valuation is not based on appropriate membership data where there are significant changes or uses inappropriate assumptions to value the liability.

## Work performed

We carried out the following planned audit procedures:

- Agreed the disclosures to the information provided by the pension fund actuary;
- Reviewed the controls for providing accurate membership data to the actuary;
- Checked whether any significant changes in membership data have been communicated to the actuary; and
- Reviewed the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data.

## Results

In previous years, we reported that the 2016 triennial valuation required significant data cleansing by the actuary and included a number of assumptions for members with incomplete data. We have previously reported some errors in these assumptions, mainly relating to assumed deferred members that were active, and the actuary has estimated that this could increase the pension liability by 0.2% (approximately £4.1 million). The actuary stated that this is well within his estimation range and that no adjustment was required to the liability calculation of the fund or employers. In an effort to address the existence, completeness and accuracy risk around membership data, the scheme is currently undertaking a Common Data cleanse with the actuary to prepare for the 2019 triennial valuation.

We agreed the cash flows provided to the actuary in February, based on 10 months of actual data and an estimate of the last two months, to the full year actuals at year end and concluded the estimates used by the actuary were reasonable.

We also noted in previous years instances where Council employees had transferred to other employers in the fund but no adjustments had been made to the employer pension liability or share of assets calculations. The actuary has taken into account the transfers in respect of academy schools this year relating to four schools members, including transfers in previous years. Management confirmed that there are no other significant changes in membership data that have not been communicated.

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# PENSION LIABILITY VALUATION 2

## Significant estimate

### Fund pension liabilities (£2.046 billion)

< lower valuation

> Higher valuation

The pension liability has increased from £1.864 billion to £2.046 billion. The increased liability includes £112 million arising from changes to financial assumptions including annual salaries increases above CPI at 2.8% (previously 2.7%), annual pension increases of 2.5% (previously 2.4%), and a change in the rate of discounting scheme liabilities to 2.5% (previously 2.6%).

We have compared the key financial and demographic assumptions used to an acceptable range provided by a consulting actuary commissioned for local public auditors by the NAO.

	Actual used	Acceptable range	Comments
<b>Financials:</b>			
- RPI increase	3.50%	3.40 - 3.50%	Reasonable
- CPI increase	2.50%	2.40 - 2.50%	Reasonable
- Salary increase	2.80%	1.0 - 3.50%	Reasonable - short term assumption of +1% and post 2020 CPI +0.3%
- Pension increase	2.50%	2.40 - 2.50%	Reasonable
- Discount rate	2.40%	2.40 - 2.50%	Reasonable
Commutation:	50%	50%	Reasonable
<b>Mortality:</b>			
- Male current	23.9 years	23.7 - 24.4	Reasonable
- Female current	26.5 years	26.2 - 26.6	Reasonable
- Male retired	21.9 years	21.5 - 22.8	Reasonable
- Female retired	24.3 years	24.1 - 25.1	Reasonable
Mortality gains	CMI 2013 (+1.25% improvement rate) with Club Vita local adjustments		Reasonable

We consider that the assumptions and methodology used by the Council's actuary are appropriate, and will result in an estimate of the net pension liability which falls within a reasonable range.

We note that the consulting actuary has stated that the assumptions used by Hymans Robertson do tend to produce slightly higher liabilities calculations than the other actuaries, and the relative liability compared to assumptions used by others could result in a liability being at 103.1% using an average of all the actuaries.

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# PENSION LIABILITY VALUATION 3

## Significant estimate

### McCloud age discrimination

Following the ruling on age discrimination in the McCloud case, where members approaching retirement age received protected benefits moving to the career average relevant earnings scheme from the final salary scheme but employees more than 10 years from retirement did not receive this underpin of benefits, Government will have to remedy the discrimination in the LGPS.

The Government Actuary Department has undertaken an LGPS-wide impact assessment and a worse case scenario suggests that the liability could increase by up to 3.2% for active members where the remedy would be for all staff to receive the underpin, and using a model with an average member age of 46 and salaries increasing at +1.5% above CPI.

Management has obtained an updated valuation of the liability to take account of the impact of this ruling. This suggests that the pension liability for the fund could increase by £3,496 million (+0.2% of liabilities), with £1,771 million allocated to the Council. This is lower than forecast by GAD using a worse case scenario as the actuary has assumed a lower pay increase assumption that is in line with the main fund assumptions (CPI +0.3%), a greater number of withdrawals / leavers and a lower proportion of active members in the fund than used by GAD. These assumptions are reasonable.

Management has not updated the pension liability disclosure to reflect this increase and we have reported this as an uncorrected disclosure misstatement.

### GMP equalisation

Following a ruling on gender discrimination in the Lloyds Banking Group case, the courts found that UK defined benefit schemes must equalise Guaranteed Minimum Pensions (GMP). The Government's interim solution, originally in place from 2016 to 2018, has been extended to 2021 and it is not yet clear whether the LGPS (through employers) or Government will fund these additional costs after 2021.

An LGPS wide assessment of additional liabilities arising from GMP equalisation for the interim solution between 2016 to 2018, the extension from 2018 to 2021, and potential post 2021 costs falling on the LGPS could increase liabilities by +0.3%.

The actuary has confirmed that the calculation of pension liabilities has made no allowance for GMP equalisation costs. We have estimated that this could increase liabilities in the fund by £6.1 million, with £3.8 million allocated to the Council.

Management has not updated the pension liability disclosure to reflect this increase and we have reported this as an uncorrected disclosure misstatement.

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# MEMBERSHIP DISCLOSURE

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

## Risk description

Membership information including the number of current contributors, deferred beneficiaries and pensioners by employer is required to be disclosed in the financial statements. We reported our concerns regarding significant control deficiencies over the completeness and accuracy of membership data in prior years.

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

## Work performed

We carried out the following planned audit procedures:

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

## Results

Our work identified three members who opted out of the pension scheme but were still classified as current active members in the database. One of these opted out in 2016. We also identified three members classified as current active contributors that were not on the Council's payroll. While the contributions income was deemed to be correct and that no amounts were due for these members, there is a risk that these individuals are accruing pension benefits that are not being funded if they continue to be recognised as active members in the database.

## Significant control deficiencies

We acknowledge the effort by management and the Capita Darlington Pensions Team to address the accuracy of membership data to prepare for the 2019 triennial valuation.

However, there remain significant deficiencies in controls to ensure the ongoing accuracy of membership data. We recommend that management review the processes and controls for employers and employees to inform the Council (as administering authority) and the Capita scheme administrators of changes and for the Council to undertake quality assurance checks of the data.

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Significant management judgement	
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# VALUATION OF INVESTMENT ASSETS

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

## Risk description

The fair value of funds (principally pooled investments) is provided by individual fund managers and reviewed by the Hymans Robertson Investment Advisory team. These valuation are reported on a quarterly basis although there may be amendments to the 'flash' valuations initially provided and subsequent final valuations that may be received after the draft accounts have been prepared.

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

## Work performed

We carried out the following planned audit procedures:

- Obtained direct confirmation of investment valuations from the fund managers including any subsequent final valuations to 'flash' valuations in the draft accounts; and
- Obtained independent assurance reports over the controls operated by the fund managers for valuations and existence of underlying investments in the funds.

## Results

We agreed all valuations to fund manager reports except for two funds that provided updated valuations to the December 2018 valuation reports included in the financial statements. These would increase the value of fund valuations for Alcentra Multi Credit Solution fund and European Direct Lending fund by £230,000

We also identified that a distribution of £1.3 million from Newton Fund that was reinvested was not included in the investment analysis notes. This grossing up presentation of purchases and sales does not impact on the fund account and the valuation at year end.

These misstatements have not been corrected by management.

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Normal risk	
Significant management judgement	
Use of experts	
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# BENEFITS PAYABLE

There is a risk that pension benefits payable may not be correct or paid to non-existent member.

## Risk description

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

## Work performed

We carried out the following planned audit procedures:

- For members leaving the scheme and deferring their pension and members becoming entitled to receive pension during the year, we checked a sample of calculations of pension entitlement;
- Checked the correct application of annual pension uplift for members in receipt of benefits;
- Tested a sample of pensioners in receipt of pensions to underlying records to confirm the existence of the member and also review the results of the checks undertaken by ATMOS on the existence of pensioners;
- Tested a sample of deferred members who have reached pension age and enquired the reason why they were still recorded as deferred; and
- Agreed the amounts recorded in the ledger for benefits paid to the pensioner payroll report.

## Results

We did not identify any issues regarding the accuracy and existence of pension benefits entitlement to new pensioners and deferred members. Annual pension uplifts have been correctly applied at 3% and we did not identify any issues regarding the existence of pensioners.

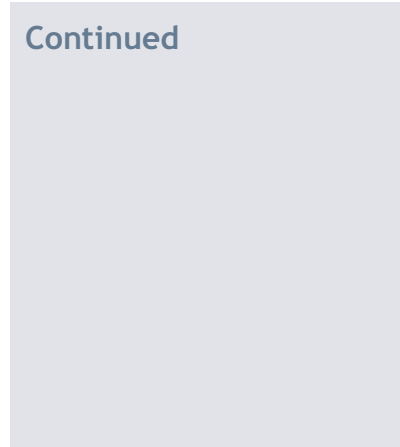
Our testing of retiring members identified three members who retired before year end, where the lump sum payment element of the pensionable benefits was paid after year end, but had not been accrued as liabilities at 31 March 2019. We extended our testing by checking all post year end lump sum payments and identified six additional payments relating to retirements before year end not accrued. The total of this under accrual of lump sums is £130,000. This has not been corrected by management.

We confirmed that the scheme subscribes to the HMRC notification of death which is matched to membership database and matched accounts are suspended. Our testing did not identify any payment to deceased members.

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Significant management judgement	
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# BENEFITS PAYABLE 2



## Results

We identified two individuals over seventy-five years of age where the pension was still held as a deferred benefit. We have seen evidence of management's attempt to contact these individuals.

We reconciled the benefits payroll to the ledger with no difference.

We also identified that a transfer payment of £227,000 for a member transferring to another pension scheme and paid after year end was accrued for as a liability at 31 March 2019. Transfer payments are normally accounted for on a cash basis in pension schemes since the existing pension scheme retains the liability and assets for that member up until the date that the cash payment is made. This misstatement has not been corrected by management.

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# CLASSIFICATION OF FINANCIAL INSTRUMENTS

There is a risk that financial instruments are not classified and measured in accordance with new financial reporting standard.

## Risk description

IFRS 9 financial instruments has been implemented for 2018/19 and requires all relevant financial instrument assets (principally investments and receivables) and liabilities (principally payables) to be categorised under new criteria based on their business model and contractual cash flows that will determine their classification and basis of valuation. The pension fund only has pooled investments that are designated as fair value through profit and loss and therefore this is likely to have limited impact on the pension fund for investment assets.

The pension fund also has short term receivables (contributions due from employers and employees) and will be required to calculate an expected credit loss on the receivables, rather than the previous model based on incurred losses. Government has stated that public sector bodies do not require any credit loss adjustments.

There is a risk that financial instruments are not classified and measured in accordance with IFRS9 and the new disclosures required by these new standards are omitted.

## Work performed

We carried out the following planned audit procedures:

- Reviewed the work performed by the pension fund to assess the impact of IFRS 9 on the financial statements; and
- Reviewed the disclosures required relating to the adoption of the new accounting standard

## Results

As expected, the classification of financial instruments did not change as result of IFRS 9.

However, we identified that the disclosure to report the analysis of financial assets had used incorrect previous terminology for receivables, by reporting this as loans and receivable rather than the new definition as held at amortised cost. Management has agreed to amend this disclosure.

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# CONTRIBUTIONS RECEIVABLE

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

## Risk description

Employers are required to deduct amounts from employee pensionable pay based on tiered pay rates and to make employer normal and deficit contributions in accordance with rates agreed with the actuary. In the previous year we noted that controls required improvements to confirm that (a) employers have paid the minimum required amounts where the deficit contribution amount was included in a higher employer payroll rate or (b) separate deficit amounts were paid over on a timely basis.

Additional contributions are also required against pension strain for unreduced pensions for early retirements and augmentation of pensions. In the previous year we found that the capital cost of pension strain due to early retirement was not always identified and charged to employers.

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

## Work performed

We carried out the following planned audit procedures:

- Tested a sample of normal contributions due (and additional deficit contributions where included in an agreed higher employer rate) for active members including checking to employer payroll records;
- Reviewed contributions receivable and ensure that income is recognised in the correct accounting period where the employer is making payments in the following month;
- Performed tests over capital cost due from employers for pension strain due to early retirement;
- Agreed a sample of contributions payable by the employers to the amounts received in the pension fund; and
- Reviewed contributions income in accordance with the Actuary's Rates and Adjustments Certificate, including specified increased rates to cover the minimum contributions to be paid as set out in the Certificate.

## Results

Our sample testing of contributions due did not identify any errors in the amount due from employers and employees. All amounts due were recorded in the correct year and March contributions due but not yet received were accrued.

Significant risk	
Normal risk	
Significant management judgement	
Use of experts	
Unadjusted error	
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# CONTRIBUTIONS RECEIVABLE 2

## Continued

### Results

We reviewed the schedule of expected contributions due and found that £798,000 of deficit contribution due from Middlesex was not billed or accrued. We also found that £2.5 million of deficit contribution was incorrectly classified as normal contribution. Management has corrected for both of these errors.

We obtained a list of members that had retired before their normal retirement date and had not received a reduced pension to ensure that the employer had been charged for additional pension strain costs. Our sample testing identified that the pension fund did not bill employers for strain cost in respect of two members who retired early with unreduced benefits. The total unbilled capital cost of the strain amounted to £13,000. We have estimated that if this error was reflected across the list of all these early retirements that the potential unbilled strain cost could be up to is £132,000. We have reported this as a factual £13,000 error and a projected further £119,000 and we recommend that management undertake a detailed review of all these cases to confirm what the actual error could be.

We noted that management raised a general provision of £100,000 for the non-collection of strain costs billed to employers. While management could not provide evidence to support the calculation, the impairment allowance appears reasonable. We note that this is income that is due to the pension fund that may now need to be written off.

### Significant control deficiencies (1)

We noted that Capita does not perform checks over the completeness and accuracy of contributions. Contributions returns received are captured onto contributions schedule without any checks to ensure the accuracy and completeness of contributions. Some returns received from employers do not come with corresponding payroll report confirming contributions due and some returns do not split out the employer and employees contributions figure.

A monthly reconciliation should be performed and detailed payroll reports obtained so that check that contributions are accurate and complete.

### Significant control deficiencies (2)

Management implement improved arrangements to identify when early retirement pension strain costs should be charged to employers.

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# BARNET AND SOUTHGATE COLLEGE

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

## Risk description

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

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

## Work performed

We carried out the following planned audit procedures:

- Reviewed advice provided by the actuary and any other legal advice sought by the pension fund to assess the potential liability for the LB Barnet pension fund.

## Results

Management has sought advice from the actuary who stated that the original LB Enfield proposal to seek settlement of the liability on a cessation funding basis was not out of line with other similar cases. However, the pension fund may be able to mitigate some of the cost through agreeing a direction order for the transfer. This approach is also supported by the latest legal opinion obtained by the Council.

Negotiations are still on going with LB Enfield to agree a way forward which may result in the Barnet pension fund not having to make payments to LB Enfield by agreeing that LB Enfield's pensioners and deferred members being transferred into the LB Barnet fund, with LB Barnet receiving a share of LB Enfield's assets attributable to the Southgate liabilities.

The process is not concluded and at this stage the potential liability for LB Barnet pension fund remains uncertain. Management has agreed to disclose this as a contingent liability.

Significant risk	
Normal risk	
Significant management judgement	
Use of experts	
Unadjusted error	
Adjusted error	
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# OTHER MATTERS

The following are additional significant and other matters arising during the audit which we want to bring to your attention.

Issue	Comment
Presentation and missing disclosures in the accounts	Our review of the draft accounts identified a number of presentational and other missing disclosures. Management has agreed to amend the financial statements.

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# MATTERS REQUIRING ADDITIONAL CONSIDERATION

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## Fraud

Whilst the members and Director of Finance have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud.

Management has brought to our attention a fraud relating to a number of lump sum payments charged against the scheme that has since been reimbursed and therefor has not impacted on the financial statements.

Our audit procedures did not identify any fraud.

We will seek confirmation from you whether you are aware of any known, suspected or alleged frauds since we last enquired when presenting the Audit Plan on 11 February 2019.

## Laws and regulations

We have made enquiries of management regarding compliance with laws and regulations and reviewed correspondence with the relevant authorities.

We did not identify any non-compliance with laws and regulations that could have a material impact on the financial statements.

## Internal audit

We reviewed the audit work of the internal audit function to assist our risk scoping at the planning stage.

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**We are required to bring to your attention audit differences and we request that you correct unadjusted differences**

We found that £793,000 of deficit contributions due from Middlesex University had not been billed or paid over by the employer. This has since been billed and corrected in the financial statements.

**Unadjusted audit differences**

We identified four other audit differences that have not been corrected by management. These relate to lump sum payments paid after year end that were not accrued, a late valuation update provided by two fund managers, accrued costs for transfer payments and unbilled pension strain costs.

If corrected, these would increase the net assets by £459,000 in the Net Assets Statement. The Fund Account (excluding market value changes on investments) would report an increase in net income of £229,000 and a total increase of £459,000.

**Unadjusted disclosures**

We also identified additional pension liabilities in respect of the McCloud age discrimination and GMP gender discrimination legal judgements that would increase the fund liability to pay future pensions by £9.6 million. While the pension liability is not reported in the Net Asset Statement, it is a material disclosure that highlights the solvency of the fund under the financial reporting standards. This disclosure is not prepared on the same basis as the actuarial triennial valuation of the fund when determining the employer contributions every three years.

You consider these unadjusted differences and disclosures to be immaterial in the context of the financial statements as a whole.

# UNADJUSTED AUDIT DIFFERENCES: DETAIL

Details for the current year

	Fund Account			Net Asset Statement	
	CIES £'000	DR £'000	(CR) £'000	DR £'000	(CR) £'000
<b>Unadjusted audit differences</b>					
Net increase in assets / net assets		54,672		1,151,240	
1. Lump sum payments recorded in the incorrect period					
DR Benefits expense		(130)	130		
CR Lump sum benefit payable					130
2. Transfer payment recorded in the correct period					
DR Benefits payable				227	
CR Benefit expense		227	227		
3. Increase in investment valuation					
DR Investment asset				230	
CR Change in market value		230	230		
4. Unbilled pension strain income					
DR Receivables				132	
CR Contributions due (factual error)		13	13		
CR Contributions due (extrapolated error)		119	119		
<b>Total unadjusted audit differences</b>		<b>459</b>		<b>459</b>	
Net increase in assets / net assets		55,131		1,151,699	

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We comment below on other reporting required to be considered in arriving at the final content of our audit report:

Matter	Comment
We are required to report on whether the financial and non-financial information in the annual report within the Statement of Accounts is consistent with the financial statements and the knowledge acquired by us in the course of our audit.	We are satisfied that the other information in the annual report is consistent with the financial statements and our knowledge.

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We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to the Pension Fund Committee.

As the purpose of the audit is for us to express an opinion on the Pension Fund’s financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.

As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

Area	Observation & implication	Recommendation	Management response
Membership data	<p>We acknowledge the effort by management and the Capita Darlington Pensions Team to address the accuracy of membership data to prepare for the 2019 triennial valuation.</p> <p>However, there remain significant deficiencies in controls to ensure the ongoing accuracy of membership data.</p>	<p>We recommend that management review the processes and controls for employers and employees to inform the Council (as administering authority) and the Capita scheme administrators of changes and for the Council to undertake quality assurance checks of the data.</p>	[xx]
Contributions	<p>We noted that Capita does not perform checks over the completeness and accuracy of contributions. Contributions returns received are captured onto contributions schedule without any checks to ensure the accuracy and completeness of contributions. Some returns received from employers do not come with corresponding payroll report confirming contributions due. some returns do not split out the employer and employees contributions figure.</p>	<p>A monthly reconciliation should be performed and detailed payroll reports obtained so that check that contributions are accurate and complete</p>	[xx]

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Area	Observation & implication	Recommendation	Management response
Contributions	We noted that some employers do not pay deficit contributions on time and could see limited evidence of chasing.	We recommend that management review the processes and controls for collection of contributions from scheduled and admitted bodies and ensure contributions including deficit contributions are received on time.	[xx]

# OVERVIEW

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### Opinion on financial statements

We anticipate issuing an unmodified opinion on the financial statements.

There are no matters that we wish to draw attention to by way of ‘emphasis of matter’.

### Conclusion relating to going concern

We have nothing to report in respect of the applicability of the going concern basis of accounting or the Pension Fund’s ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements.

There are no material uncertainties in relation to going concern disclosed in the financial statements of which we are aware that we need to draw attention to in our report.

### Other information

We have not identified any material misstatements that would need to be referred to in our report.

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

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

We have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement partners are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement. This document considers such matters in the context of our audit for the year ended 31 March 2019.

Details of rotation arrangements for key members of the audit team and others involved in the engagement were provided in our Audit Plan.

We have not identified any relationships or threats that may reasonably be thought to bear on our objectivity and independence.

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

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

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



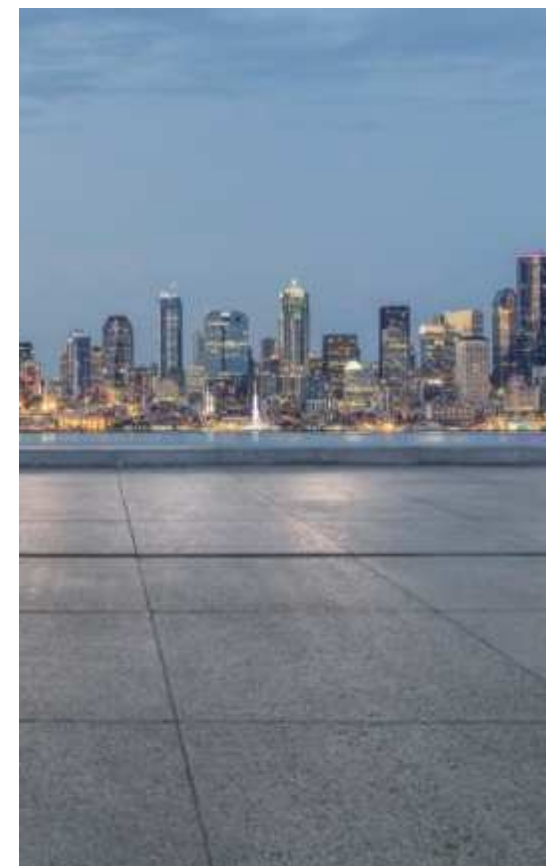
# FEES

## Fees summary

	2018/19	2018/19	2017/18
	Actual	Planned	Actual
	£	£	£
<b>Audit fee</b>			
PSAA scale fees	16,170	<sup>(1)</sup> 16,170	21,000
Proposed supplementary fee variation	TBC	<sup>(2)</sup> 5,000	22,810
<b>Total fees</b>	<b>TBC</b>	<b>21,170</b>	<b>43,810</b>

(1) PSAA has set the 2018/19 fee scale at £16,170 on the basis that individual fees for all opted-in bodies have been reduced by 23 per cent from the fees applicable scale fee for 2017/18 of £21,000. This gives opted-in bodies the benefit of the cost savings achieved in the recent audit procurement, and continues the practice of averaging firms' costs so that all bodies benefit from the same proportionate savings, irrespective of the firm appointed to a particular audited body. It also passes on the benefit of economies which PSAA is making in its own operating costs.

(2) Due to additional work planned in 2018/19 to address issues arising from 2017/18 and the request to undertake additional testing at Capita Employee Benefits at the Darlington site, we propose increasing the PSAA scale fee by £5,000 for 2018/19.



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# RESPONSIBILITIES AND REPORTING

## Responsibilities and reporting

### Our responsibilities and reporting

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

We read and consider the 'other information' contained in the Statement of Accounts such as the Annual report. We will consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.

### What we don't report

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



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## ADDITIONAL MATTERS WE ARE REQUIRED TO REPORT

	Issue	Comments
1	Significant difficulties encountered during the audit.	We experienced significant delays in getting supporting documentations from Capita Darlington and in most cases supporting documentations provided did not agree to information in the accounts.  It took several request to get specific information needed to perform the audit.
2	Written representations which we seek.	We enclose a copy of our draft representation letter.
3	Any fraud or suspected fraud issues.	No exceptions to note.
4	Any suspected non-compliance with laws or regulations.	No exceptions to note.
5	Significant matters in connection with related parties.	No exceptions to note.

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## Those Charged with Governance (TCWG)

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

## Communication, meetings and feedback

We request feedback from you on our planning and completion report to promote two way communication throughout the audit process and to ensure that all risks are identified and considered; and at completion that the results of the audit are appropriately considered.

We have met with management throughout the audit process. We have issued regular updates driving the audit process with clear and timely communication, bringing in the right resource and experience to ensure efficient and timely resolution of issues.

Communication	Date (to be) communicated	To whom
Audit Plan	11 February 2019	Pension Fund Committee
Initial Audit Completion Report	26 July 2019	Pension Fund Committee
Final Audit Completion Report	(31 July 2019)	Pension Fund Committee

# OUTSTANDING MATTERS

We have substantially completed our audit work in respect of the financial statements for the year ended 31 March 2019.

The following matters are outstanding at the date of this report and could impact our audit opinion. We will update you on their current status at the Pension Fund Committee meeting at which this report is considered:

1. Clearance of outstanding issues on the audit queries tracker currently with management. The key items on the tracker are:
  - Remaining journals sample
  - Strain cost testing
2. Manager, Partner and Quality Control review, and clearance of review points
3. Final review and approval by you of the financial statements
4. Technical clearance
5. Subsequent events review
6. Management letter of representation to be approved and signed



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## **BDO is totally committed to audit quality**

It is a standing item on the agenda of BDO's Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream's objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections.

BDO welcomes feedback from external bodies and is committed to implementing a necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Corporation's Audit Quality Review team), QAD (the ICAEW Quality Assurance Department) and the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US companies), the firm undertakes a thorough annual internal Audit Quality Assurance Review and as member firm of the BDO International network we are also subject to a quality review visit every three years.

We have also implemented additional quality control review processes for all listed and public interest audits.

More details can be found in our Transparency Report at [www.bdo.co.uk](http://www.bdo.co.uk)



BDO LLP  
55 Baker Street  
London  
W1U 7EU

Dear Sirs

**Financial statements of London Borough of Barnet Pension Fund for the year ended 31 March 2019**

We confirm that the following representations given to you in connection with your audit of the Pension Fund’s financial statements for the year ended 31 March 2019 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of the Pension Fund

The Director of Finance has fulfilled her responsibilities for the preparation and presentation of the financial statements as set out in the Accounts and Audit Regulations 2015 and in particular that the financial statements give a true and fair view of the financial position of the Pension Fund as of 31 March 2019 and of its income and expenditure and cash flows for the year then ended in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

We have fulfilled our responsibilities on behalf of the Pension Fund, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of the Pension Fund’s financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records of the Pension Fund have been made available to you for the purpose of your audit and all the transactions undertaken by the Pension Fund have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of management and other meetings have been made available to you.

**Going concern**

We have made an assessment of the Pension Fund’s ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. As a result of our assessment we consider that the Pension Fund is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. Furthermore, we confirm that the disclosures included in note xx to the financial statements are sufficient.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Pension Fund’s ability to continue as a going concern.

**Laws and regulations**

In relation to those laws and regulations which provide the legal framework within which the Pension Fund’s business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.

We have not made any reports to The Pensions Regulator nor are we aware of any such reports having been made by any of our advisers. We confirm that we are not aware of any matters which have arisen that would require a report to The Pensions Regulator. There have been no communications with the Pensions Regulator or other regulatory bodies during the year or subsequently covering areas of non-compliance with any legal duty.

**Post balance sheet events**

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.

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## Fraud and error

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.

We have drawn to your attention a fraud in relation to lump sum payments that have been reimbursed. To the best of our knowledge we are not aware of any other fraud or suspected fraud involving management or employees. Additionally, we are not aware of any other fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge we are not aware of any allegations of fraud or suspected fraud affecting the financial statements that have been communicated by employees, former employees, analysts, regulators or any other party.

## Misstatements

You have not advised us of any unadjusted misstatements in the financial statements or other information in the Annual Report.

## Related party transactions

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

There were no loans, transactions or arrangements between the Pension Fund and the members or their connected persons at any time in the year which were required to be disclosed.

The disclosures in the financial statements concerning the Administering Authority of the Pension Fund are accurate.

## Carrying value and classification of assets and liabilities

We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the financial statements.

## Accounting estimates

The value at which investment assets are recorded in the net assets statement is the market value. We are responsible for the reasonableness of any significant assumptions underlying the valuations, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the scheme. Any significant changes in those values since the year end date have been disclosed to you.

None of the assets of the scheme has been assigned, pledged or mortgaged.

The following key assumptions have been used to calculate the actuarial present value of future pension benefits disclosed in the financial statements:

- Rate of inflation (CPI): 2.5%
- Rate of increase in salaries: 2.8%
- Rate of increase in pensions: 2.5%
- Rate of discounting scheme liabilities: 2.4%
- Commutation take up option: 50%

We also confirm that the actuary has applied up-to-date mortality tables for life expectancy of scheme members in calculating scheme liabilities.

We consider these assumptions to be appropriate for the purposes of estimating the pension liability in accordance with the Code and IAS 19 and IAS 26.

## Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the requirements of accounting standards.

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## Confirmation

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each member has taken all the steps that they ought to have taken as a member or director of the Council in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Anisa Darr

Director of Finance

[date]

Councillor Geoffrey Alderman

Pension Fund Committee Chair

Signed on behalf of the Pension Fund Committee

[Date]

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	<h2>Local Pension Board</h2> <h3>19 November 2019</h3>
<b>Title</b>	<b>Compliance with TPR Code of Practice 14</b>
<b>Report of</b>	Director of Finance
<b>Wards</b>	N/A
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	<p>Appendix A – Draft compliance checklist</p> <p>Appendix B – TPR report on engagement with public sector pension schemes.</p>
<b>Officer Contact Details</b>	<p>George Bruce, Head of Treasury &amp; Pensions</p> <p>0208 359 7126 <a href="mailto:george.bruce@barnet.gov.uk">george.bruce@barnet.gov.uk</a></p>

## Summary

Members of the Board requested that the agenda include a commentary on compliance with the Pensions Regulator's (TPR) Code of Practice 14 on the Governance and administration of public service pension schemes (TPR Code14). Attached is a high-level compliance checklist and Barnet's position on the requirement of the code. A detailed review of compliance is required. Included is a note from TPR discussing their findings from recent engagement with public sector schemes that highlights best practice in compliance.

## Officers Recommendations

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

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 In April 2015 the Pensions Regulator's powers were extended to include oversight of some aspects of the governance and administration of public services pension schemes. The Local Government Pension Scheme (LGPS) falls within this group. The Pensions Regulator's oversight does not include the funding and investments of the scheme.
- 1.2 Code of Practice no. 14 was issued by TPR in April 2015, to provide practical guidance and to set out the standards of conduct and practice expected from Authorities that manage public service pension schemes, pensions committees, pensions boards and officers involved in administering the schemes. The code states that it is particularly aimed at Scheme Managers and members of the pension boards.
- 1.3 Since the introduction of the code, Barnet has informally monitored compliance with the provisions of the code and acted to tackle departure e.g. the approval of a breaches policy, but has not provided a fully comprehensive and detailed checklist of the requirement of the code and Barnet's position regarding each provision. A high-level checklist is attached (appendix A) discussing compliance and in particular the areas that require additional review to determine whether we are fully compliant. A deeper review of the detail of compliance will also be helpful to ensure that all aspects of the code are considered.
- 1.4 Also attached is a note prepared by TPR setting out their findings on scheme governance following engagement with a sample of ten public sector schemes. The note can also be found using the link below.

<https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/governance-and-administration-risks-in-public-service-pension-schemes-an-engagement-report>

- 1.5 The note provides useful insights into TPR's expectations and the findings will be factored into the deeper review discussed in paragraph 1.3 above.

## **2. REASONS FOR RECOMMENDATIONS**

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

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 None - statutory function

## **4. POST DECISION IMPLEMENTATION**

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

## **5. IMPLICATIONS OF DECISION**

- 5.1 **Corporate Priorities and Performance**

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

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

5.2.1 N/A.

## 5.3 **Social Value**

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

## 5.4 **Legal and Constitutional References**

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

## 5.5 **Risk Management**

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

## 5.6 **Equalities and Diversity**

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

## 5.7 **Corporate Parenting**

5.7.1 Not applicable in the context of this report.

## 5.8 **Consultation and Engagement**

5.8.1 Not required.

## 5.8 **Insight**

5.8.1 N/A.

## 6. **BACKGROUND PAPERS**

6.1 N/A.

## Review of Compliance with TPR Code of Practice 14

Reference	Legal Requirement	Barnet Response
<b>Knowledge and Understanding</b>	<p>A member of the pension board of a public service pension scheme must be conversant with:</p> <ul style="list-style-type: none"> <li>- the rules of the scheme, and</li> <li>-any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme</li> </ul>	<p>Training needs assessments have been undertaken and Board members are supported in identifying training opportunities. Training is provided at Board meetings and occasionally shared with the Pension Fund Committee. The training needs assessment should be updated.</p>
	<p>A member of the pension board must have knowledge and understanding of:</p> <ul style="list-style-type: none"> <li>- the law relating to pensions, and</li> <li>-any other matters which are prescribed in the regulations</li> </ul>	<p>As above. All Board members have completed the TPR public sector toolkit.</p>
	<p>The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of being a member of the pension board.</p>	<p>as above</p>
<b>Conflicts of Interest</b>	<p>The Public Service Pensions Act 2013 sets out the legal requirements for scheme managers and pensions boards for conflicts of interest. In relation to the pension board, scheme regulations must include provision requiring the scheme manager to be satisfied:</p> <p>scheme regulations must require each member or proposed member of a pension board to provide the scheme manager with such information</p>	<p>Members are asked to disclose conflicts of interest at each meeting.</p>



	as the scheme manager reasonably requires for the purpose of meeting the requirements referred to above.		
	<p>Scheme regulations must include provision requiring the pension board to include employer representatives and member representatives in equal numbers</p> <ul style="list-style-type: none"> <li>-that a person to be appointed as a member of the pension board does not have a conflict of interest, and</li> <li>-from time to time, that none of the members of the pension board has a conflict of interest.</li> </ul>		The Board's ToR provides for three employer and three employee members. We have been short of one employer representative for some time.
<b>Publishing Information about Schemes</b>	<p>The scheme manager for public service schemes must publish information about the pension board for the scheme(s) and keep that information up to date. The information must include:</p> <ul style="list-style-type: none"> <li>- who the members of the pension board are</li> <li>- representation on the board of members of the scheme(s), and</li> <li>- the matters falling within the pension board's responsibility</li> </ul>		Information on the members of the Local Pension Board, its terms of reference, minutes and papers from previous meetings are published on the Council web site. It is recognised that this is not easily located and a scheme web site is currently being launched that will contain a greater level of information.

<b>Management Risk</b>	<p>The scheme manager must establish and operate internal controls that adequately ensure the scheme is administered and managed. In accordance with the requirements of the law. Internal controls are defined in the legislation as:- arrangements and procedures to be followed in the administration and management of the scheme- systems and arrangements for monitoring that administration and management-arrangements and procedures to be followed for the safe custody and security of the assets of the scheme. The legal requirements apply equally where a scheme outsources services connected with the running of the scheme.</p>	<p>While periodic reviews by internal and external audit have identified strengths and weaknesses in internal controls, there is no single source to indicate controls in place and how these are verified. It is planned to undertake an independent review of administration controls and better documentation of these and controls around investments, banking, governance etc are required.</p>
<b>Scheme Record Keeping</b>	<p>Scheme managers must keep records of information relating to:</p> <ul style="list-style-type: none"> <li>- member information</li> <li>- transactions, and</li> <li>- pension board meetings and decisions</li> </ul> <p>The legal requirements are set out in the Public Service Pensions (record keeping and miscellaneous amendments) Regulations 2014.</p>	<p>Regular reviews of the information held by the administrator are undertaken. A further review is in progress as part of the submission of the Scheme Annual Return. The prior year review identified a considerable number of data gaps with the most significant being resolved during 2019. The outcome of the current common and conditional data reviews will be reported to the Board.</p>

<b>Maintaining Contributions</b>	<p>Employer contributions must be paid to the scheme in accordance with any requirement in the scheme regulations.</p> <p>Where employer contributions are not paid on or before the date they are due under the scheme, and the scheme manager has reasonable cause to believe that failure is likely to be of material significance to the regulator in the exercise of any of its functions, the scheme manager must give written report of the matter to the regulator as soon as reasonably practicable.</p>	<p>Improved monitoring of the timeliness of payments and comparison of contributions received with prior months has recently been implemented together with monthly reporting of the findings to the Council. Further consideration is being given to the procedures required to ensure contributions are consistent with the rates set by the Actuary.</p>
	<p>Where employee contributions are deducted from a member's pay, the amount deducted must be paid to the managers of the scheme at the latest by the 19th day of the month following the deduction, or by the 22nd day of the month if paid electronically (the 'prescribed period') or earlier if required by scheme regulations. References to 'days' means all days.</p> <p>References to 'working days' do not include Saturdays, Sundays, or Bank Holidays.</p>	<p>See above.</p>

<p><b>Providing Information to Members and Others</b></p>	<p>The law requires schemes to disclose information about benefits and scheme administration to scheme members and others. This includes requirements relating to benefit statements and certain other information which must be provided under the requirements of the 2013 Act, HM Treasury directions and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 ('the Disclosure Regulations 2013'). In addition to these duties, there are other legal requirements relating to the provision of information to members and others under other legislation.</p>	<p>Exceptions and errors in the provision of annual benefit statements are being monitored. Omissions in providing pension saving statements have been identified. The administration performance statistics also identifies departures from providing members with timely information. A review of compliance is required.</p>
<p><b>Internal Dispute Resolution</b></p>	<p>Scheme managers must make and implement dispute resolution arrangements that comply with the requirements of the law and help resolve pension disputes between the scheme manager and a person with an interest in the scheme. The act states that a person has an interest in the scheme if they:</p> <ul style="list-style-type: none"> <li>- are a member or beneficiary</li> <li>- are a prospective member</li> <li>- have ceased to be a member, beneficiary or prospective member</li> <li>- claim to be any of the above and the dispute related to this claim</li> </ul>	<p>An IDR process is in place. There are surprisingly few IDR cases, which has raised concerns with the notification of the availability of IDR when a complaint is received. The reporting of ongoing cases should be improved.</p>

<p><b>Reporting Breaches of Law</b></p>	<p>Certain people are required to report breaches of the law to the regulator where they have reasonable cause to believe that:</p> <ul style="list-style-type: none"> <li>- a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with</li> <li>- the failure to comply is likely to be of material significance to the regulator in the exercise of its functions</li> </ul>	<p>A breaches policy is in place and several breach reports have been sent to TPR. The identification of breaches and reporting to the Council of these appears to be weak and consequently the consideration of the significance to the Regulator of each breach is also weak.</p>

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## **The Pension Regulator - Governance and administration risks in public service pension schemes: an engagement report**

The report contains findings from TPR's engagement with 10 local government funds, selected from across the UK, to understand scheme managers' approaches to a number of key risks. As part of each engagement we fed back on good practice and suggested improvements that could be made.

The engagement took place between October 2018 and July 2019 following the results of our annual governance and administration survey, in which we identified that improvements being made across the Local Government Pension Scheme (LGPS) had slowed down. We were pleased to note that scheme managers were already sharing good practice with their LGPS peers and hope that working with us offered scheme managers a new perspective on their funds.

We carried out this review at a high level based on meetings with scheme managers to understand the challenges they face. The meetings were supplemented by a review of some fund documentation and examples of communications sent to members, prospective members and beneficiaries.

It is not a comprehensive evaluation of the funds' operations and is not intended to replace audit requirements, nor is it to be considered as regulatory assurance or an endorsement of the fund by The Pensions Regulator (TPR).

### **Executive summary**

Overall, we found a number of common areas, some requiring improvement but others demonstrating good practice relating to the various risk areas we investigated. The key improvement areas are summarised below. These findings align with the findings from our [annual public service governance and administration survey](#).

**Key person risk:** While most scheme managers demonstrated a good knowledge of what we expect, many funds have a lack of comprehensive documented policies and procedures. We also found an over-reliance on controls put in place by the Local Authority with little interaction between the scheme manager and Local Authority. This was particularly prevalent in relation to cyber security but this theme overlays several of the risk areas we explored.

**Pension boards:** Engagement levels varied, with concerns being raised about the frequency some pension boards meet and their appetite to build their knowledge and understanding. We saw evidence of some pension boards not wanting to review full documents, instead relying on much reduced summaries and leading us to question how they could fulfil their function. Others were well run and engaged.

**Fraud / scams:** We saw evidence of scheme managers learning from wider events and taking steps to secure scheme assets. However, not all were as vigilant when it came to protecting members from potential scams.

**Employers:** We saw considerable variance in the approaches taken to dealing with the risks surrounding employers, such as receiving contributions and employer insolvency. Generally, this was connected to fund resourcing but also related to different philosophies related to taking security over assets.

The following sections detail our findings and recommendations, together with case studies we believe will be helpful to the PSPS community.

## Key findings and associated case studies

### Area of focus: Record-keeping

#### Code of Practice 14 – Governance and administration of public service pension schemes

Failure to maintain complete and accurate records and put in place effective internal controls to achieve this can affect the ability of schemes to carry out basic functions. Poor record-keeping can result in schemes failing to pay benefits in accordance with scheme regulations, processing incorrect transactions and paying members incorrect benefits.

#### Findings

Many scheme managers have moved from annual to monthly member data collection and found this enabled them to verify data at an earlier stage, with some funds providing monthly reports to employers highlighting the quality of data submitted and action points they need to complete.

Well-run funds are aware of the quality of the common and scheme specific data they hold. Where it is not entirely accurate robust and measurable, data improvement plans are in place. scheme managers of these funds consider a range of methods to improve data quality, including tracing exercises and improving contract management methods.

They also generally have a robust PAS in place which detail rights and obligations of all parties to the fund.

#### Recommendations

- Scheme managers should be aware of how the member data they hold is measured. Data quality needs regular review. A robust data improvement plan should be implemented as appropriate.
- The quality of member data should be understood by the Scheme Manager and Pension Board. It should be recorded and tracked to ensure common and scheme specific data is of good quality. An action plan should be implemented to address any poor data found.
- Although not a legal requirement, a PAS could be implemented clearly setting out responsibilities and consequences of not complying with duties to the fund. The Pension Board should review the PAS and ensure it will stand up to challenges from employers.

#### Record-keeping case study 1

One scheme manager we engaged with identified concerns with the accuracy of both the common and scheme specific data it held about the fund members. Following engagement with TPR, the scheme manager created and implemented a robust data improvement plan to drive up record-keeping standards.

One of the data areas of concern for the scheme manager was the number of missing member addresses - this resulted in data scores of 60-80% for common and scheme specific categories. After a review of available resources, the scheme manager undertook a tracing exercise and within a short period of time was able to locate and carry out existence checks on over 90% of the deferred members without known addresses. The exercise also involved reviewing the way active and pensioner members are communicated with to ensure the fund holds the correct contact details for them.

This is an example of a scheme manager taking a holistic approach to improving its record-keeping standards. It gave consideration to the resource available so the project achieved a positive result while providing good value for money. The scheme manager has established



that having a data improvement plan which is regularly reviewed will improve oversight of the actions it needs to take and the associated deadlines.

## **Record-keeping case study 2**

The scheme manager of a fund we engaged with openly communicated with us about the challenges it faced in producing Annual Benefit Statements. We were told delays were caused by employers not providing member data to the scheme manager on time, and there were issues with the accuracy of some member data provided by employers.

Having considered its operational structure, and our expectations on governance and administration, the scheme manager reorganised itself internally. With the support of the s.151 officer, the scheme manager developed and implemented a robust data improvement plan which could be measured.

As well as creating a data improvement plan the scheme manager also strengthened its pension administration strategy, outlining responsibilities and the timeframes for action. This document made the consequences of non-compliance by employers clear, such as financial penalties. The scheme manager has also introduced regular employer forums to help further raise standards with employers.

As a result the scheme manager has seen a marked improvement in employer engagement and the quality of member data it holds. It continues to actively monitor both data quality and employer compliance.

## **Area of focus: Internal controls**

### **[Code of Practice 14 – Governance and administration of public service pension schemes](#)**

The scheme manager of a public service pension scheme must establish and operate internal controls. These must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and in accordance with the requirements of the law.

#### **Findings**

There were a range of approaches to identifying, monitoring and mitigating risks to the funds we engaged with. Some funds had detailed risk management frameworks in place and clear defined procedural documents. Others lack detailed risk registers or do not review the risks to the fund on a frequent basis, with little oversight of work being done to identify or mitigate risks.

We found evidence across a number of funds of key person risk, where a long serving member of staff has developed a high level of knowledge about their role and internal processes but this knowledge is not documented. This leaves these funds exposed to the risk of a sharp downturn in administration and governance standards should the key person unexpectedly leave their role.

#### **Recommendations**

- A risk register should be in place and cover all potential risk areas. It should be regularly reviewed by the pension board.
- The scheme manager should take a holistic view to risks and understand how they are connected.
- The pension board should have good oversight of the risks and review these at each pension board meeting.
- Internal controls and processes should be recorded, avoiding an over reliance on a single person's knowledge levels.

Funds with an engaged s.151 officer who has a good relationship with the scheme manager are more likely to have clear and robust internal controls.

- The scheme manager should ensure all processes are documented and reviewed on a regular basis.
- Decision and action logs covering all decisions provide a useful reference point as decisions recorded in minutes can be hard to locate.

### **Internal controls case study 1**

A scheme manager has reviewed the approach it takes to maintaining a risk register, having found the approach it was taking could be more effective.

The scheme manager developed a high level document which identifies a wide range of risks with all members of the senior leadership team having a role in the identification and scoring of potential risks.

This document is supported by detailed ‘risk maps’ which provide:

- (i) a description of the identified risks
- (ii) the person responsible for overseeing the risk
- (iii) how the risk is scored and
- (iv) details of the mitigating actions and controls in place

Action points identified have clear timescales for completion with an identified person being responsible for delivery.

The full risk register is made available to the pension committee and pension board each time they meet and its review is a standing item on both agendas. This allows for constructive oversight and challenge, along with a clear process to act on feedback provided.

This is an example of a fund which is engaged at all levels of seniority to identify and mitigate risks to good saver outcomes. There are clear, identified processes in place along with strong oversight of the work being done. This approach was devised before TPR began to engage with the scheme manager and demonstrates a clear desire to improve.

### **Internal controls case study 2**

A scheme manager has developed two risk registers, one for the pension committee (which as acts as delegated scheme manager) and a separate, shorter, register for the pension board.

The risk register for the pension board had been reduced in size and detail at the request of the pension board. We have concerns the reduced risk register will prevent the pension board members from having full oversight of all the fund’s risk and applying their knowledge and understanding in an appropriate way as they will not be fully conversant with the facts surrounding each risk.

The pension board also only reviews the risk register twice a year. We believe the risk register should be a standing item on the agenda for both the pension committee and the pension board and reviewed at each meeting – i.e. it will be reviewed at least each four times a year by each body.

We gave feedback to the scheme manager about our concerns and recommendations, and would encourage funds that adopt similar practices to consider how they can make more effective use of the pension board and improve the engagement levels of its members.

## Area of focus: Administrators

### Code of Practice 14 – Governance and administration of public service pension schemes

Good administration is the bedrock of a well-run fund. A scheme manager should work well with its administrator or administration team, and ensure the right people and processes are in place to ensure members' benefits are administered to a high standard.

#### Findings

Better performing scheme managers have a close relationship with their administrator, whether they use a third party provider or an internal team. In these instances robust SLAs are in place which are routinely monitored by senior managers. These scheme managers are also willing to effectively challenge reports from administrators to ensure they fully understand the work being done.

Not all scheme managers have clear oversight of the work being done by administrators or question the information provided by them when it is appropriate to do so. This leads to the scheme manager not understanding how well the fund is performing and can act as a barrier between the scheme manager and both participating employers and members.

There is a variety of methods used to appoint third party administrators, and scheme managers generally carefully consider the best approach for the individual circumstances of their fund.

#### Administrator case study 1

A scheme manager had entered into a outsourcing contract with an administrator. The administrator's performance over a period of time was unsatisfactory, and targets and SLAs were not consistently met. Despite the council's finance director personally intervening with the administrator, matters were not improved to acceptable levels and penalty clauses were invoked.

The scheme manager decided to terminate the contract and review alternative administrative options, with a key aim of including more visibility, which the previous contract type arrangement had not provided.

The scheme manager decided not to take the administration back in house, but to enter into a third option, a shared service partnership with another administrator. This is charged on a shared cost per member basis. The new administrator also provides administrative services for a few other public service funds. The scheme manager is now part of a collaborative board and engages regularly with other scheme managers, has better visibility and good

#### Recommendations

- Scheme managers must agree targets and have a strong understanding of what service providers are expected to achieve. The scheme manager should challenge and escalate as appropriate should agreed standards not be met.
- Contract lengths should be known and planned against to allow sufficient time to consider contract extensions or for the tender process, as appropriate. This mitigates risks in handing over to a new administrator.
- It is helpful for the administrator to attend and present to pension board meetings as pension board members can use their knowledge and understanding to effectively challenge reports being provided.
- Scheme managers should hold regular meetings with their service providers to monitor performance.

reporting functionality which now enables easy monitoring of the administrator's performance.

Data quality improvements were recognised as a key focus for the new administrator on its appointment. The scheme manager developed and put in place a robust data improvement plan with the new administrator and has made considerable improvements in its data quality scores in a short period of time. They are now using the plan as a living document to continue to target the areas needing improvement.

### **Administrator case study 2**

One of the scheme managers had appointed a third-party administrator using a partnership agreement, rather than a commercial contract. This demonstrates one of a number of approaches taken by scheme managers to secure administration services.

The scheme manager has established a clear set of objectives for the administrator and receives monthly reports about whether these are being met. The reports are shared with the pension board. Additionally, at each pension board meeting a representative of the administrator is present. This allows the pension board members to directly question the administrator about the work it is doing on behalf of the scheme manager and ensure that good saver outcomes are achieved.

Even when a scheme manager uses an outsourced administration service it remains liable for the work done on its behalf. This example demonstrates positive steps taken by a scheme manager to ensure it has effective oversight and can hold an administrator to account.

### **Administrator case study 3**

A scheme manager was informed that its third-party administrator intended to restructure in order to improve the level of service it provided to its clients. The administrator was confident that the restructure would not affect its business as usual work and the scheme manager took comfort from this without seeking more detailed assurances.

The restructure did not go as planned, which led to delays in member data being processed and SLAs not being met for around six months. The scheme manager has since increased the number of both operational and strategic meetings it holds with the administrator to combat the declining performance of the administrator.

As part of this work the scheme manager has set clearly documented expectations and provided priorities to the administrator to minimise the number and impact of poor saver outcomes. The scheme manager has now developed new ways of working with the administrator to ensure it probes the administrator's plans in more detail in the future.

This is an example of a scheme manager placing excessive reliance on assurances from an administrator without seeking evidence that supported the assurances. Robust contract management is important and will help scheme managers to identify upcoming risks to savers and to build a strong understanding of the information being provided.

### **Area of focus: Member communication**

#### **[Code of Practice 14 – Governance and administration of public service pension schemes](#)**

The law requires scheme managers to disclose information about benefits and scheme administration to scheme members and others. This allows savers to understand their entitlements and make informed financial decisions.

#### **Findings**

#### **Recommendations**

A number of scheme managers are currently reviewing the documents they send to savers. It is widely appreciated that pensions and retirement provision is complicated, and communication with savers needs to be in plain English. A variety of methods are being used, with the strongest scheme managers in this area working closely with a technical team and also enlisting the assistance of non-technical staff to check readability and whether it is comprehensive.

Not all scheme managers fully appreciate the extent of their duties to provide information to savers, with some not knowing about the legal duty to inform active members where employee contributions are deducted but not paid to the fund within the legislative timeframe.

- Information sent to members should be clear, precise and free from jargon.
- There should be senior oversight of communications sent to members and prospective members.
- It is often helpful for scheme managers to measure the effectiveness of their communication with savers, e.g. measuring website traffic and running surveys.

### **Member communication case study 1**

A scheme manager had previously delegated responsibility for communication with members to its third-party administrator. However, it had a number of concerns about the quality of the service being provided, which included how members were kept informed and the level of detail provided.

The scheme manager took the decision to change its administrator and has now taken greater control over the communication with members. This has led to the development of a new pension administration strategy, with clear expectations around member communications being set and monitored.

A new website is being developed and the scheme manager recognises that having a clear online presence is an important method of communicating with current and potential members.

It is important to communicate with members, potential members and other relevant savers in a clear way. The information provided by a scheme manager will be used by members to make important decisions about their financial affairs. This is an example of a scheme manager looking to improve the member experience through revising the way it communicates.

### **Member communication case study 2**

We engaged with a scheme manager that has developed a detailed communication strategy, which covers the content, frequency, format and methods of communicating. The scheme manager actively promotes the benefits of joining the fund to prospective members and through the participating employers.

Two people are responsible for different aspects of member communications, with all material being formally approved by the scheme manager before being used. The scheme manager has developed a wide range of accessible materials for savers, including a website, a wide range of information booklets, and newsletters.

Members are informed clearly of how they can raise any queries or concerns about the operation of the fund. This includes members being able to go to the scheme manager's offices in person to discuss any queries with a suitable member of staff.

The scheme manager conducts annual surveys of its members, publishing the outcomes on its website and in its annual report. It uses this information, together with complaint trends, to identify how it can provide a better service to savers.

## **Area of focus: Internal Dispute Resolution Procedure (IDRP)**

### **Code of Practice 14 – Governance and administration of public service pension schemes**

Scheme managers must make and implement dispute resolution arrangements that comply with the requirements of the law as set out in the Code to help resolve pensions disputes between the scheme manager and a person with an interest in the scheme.

#### **Findings**

Some scheme managers have clear procedures in place for recording, and learning from, complaints and disputes they receive. They use this information to make changes to the way the fund is run in order to provide the best possible service to beneficiaries.

Not all the complaints procedures and IDRPs we saw were clear about who was entitled to use them, and in some cases details of how to complain were not clearly published. This limits the ability of people with an interest in the funds to raise concerns and restricts a useful source of information for scheme managers.

Not all scheme managers have a clear definition of a complaint. It is important for scheme managers to act in a consistent manner and if what a complaint looks like is not known this will affect its ability to put things right.

#### **Recommendations**

- There should be a clear internal policy on how to handle complaints, including escalation to suitable senior members of staff.
- People entitled to use the IDRP should be given clear information about how it operates.
- This information should be easily available, e.g. on the fund website.
- The pension board and scheme manager should have oversight of all complaints and outcomes, including those not dealt with in-house.
- Complaints and compliments could be analysed to identify changes that can be made to improve the operation of the fund.

#### **IDRP case study 1**

All the scheme managers we engaged with operate a two stage IDRP, where the first and second stages are looked at by people who are independent of each other.

Initially, one of the scheme managers we engaged with didn't have oversight of complaints entering the first stage of the IDRP. These complaints were dealt with by employers as they were not considered to be issues about the fund or an in-house administration matter. This meant the scheme manager did not have full oversight of the first stage complaints and therefore could not identify whether there were any trends or patterns that needed addressing, e.g. an employer training issue.

Following engagement as part of the cohort work, we recommended that the scheme manager develop greater oversight of the work being done on its behalf. The scheme manager now recognises this is an area where it should improve and has amended its processes to ensure it is aware of how member outcomes are being managed when first stage IDRP complaints are received.

## **IDRP case study 2**

Like all other funds we engaged with, this scheme manager operates a two tier IDRP. However, the scheme manager stood out in this instance for the detailed and methodical manner in which it records complaints that are raised.

All complaints are recorded in a single log which detail how it progresses, potentially from an initial concern through to a finding issued by the Pensions Ombudsman. This allows the scheme manager to analyse complaint trends and the learning points are used to improve the operation of the fund.

Additionally, all actions relating to complaints have a clear owner. This allows for strict quality control and helps ensure complaints are dealt with as soon as possible.

We would encourage all scheme managers, where they have not already done so, to adopt a detailed and auditable approach to monitor complaints and compliments received through all channels.

### **Area of focus: pension boards**

#### **[Code of Practice 14 – Governance and administration of public service pension schemes](#)**

The role of the pension board is to assist the scheme manager with the operation of the scheme. Pension board members are required to have an appropriate level of knowledge and understanding in order to carry out their function.

#### **Findings**

Scheme managers have a variety of methods for appointing pension board members and the structure of these boards also varies between funds. In some cases, board member rotation is staggered to help preserve knowledge levels. Additionally, some boards have independent chairs, depending on the needs of the individual pension board.

We also found a mix of engagement levels amongst pension board members. Some scheme managers are able to call on strong, committed pension boards to assist them with the operation of the fund. Other scheme managers face challenges around pension board members who routinely fail to attend meetings or complete the training they need to meet the required level of knowledge and understanding.

The relationships between pension boards and scheme managers varied - where the pension board had a strong relationship with the scheme manager, including a willingness to challenge, we found better-run funds.

#### **Recommendations**

- The scheme manager should arrange training for pension board members and set clear expectations around meeting attendance.
- Individual pension board member training and training needs should be assessed and clearly recorded.
- The pension board should meet an appropriate number of times a year, at least quarterly.
- Processes should be in place to deal with an ineffective pension board member by either the chair of the pension board or the scheme manager.
- Scheme managers should be aware of the risk of pension board member turnover and ongoing training needs.
- Regular contact between the scheme manager and chair of the pension board is helpful. An open and auditable dialogue outside of formal meetings can help improve the governance and administration of the fund.



- The chairs of the pension board and pension committee should consider attending each other's meetings to observe as this leads to better transparency.
- Pension board members should be fully engaged and challenge parties where appropriate.

### **Pension board case study 1**

One scheme manager spoke to us about the challenge it has faced regarding attendance at pension board meetings, and ensuring the pension board has the required level of knowledge and understanding. At one time it had to reschedule a meeting of the pension board because so few people attended the meeting.

Since then the scheme manager has changed its policy on pension board meetings. One pension board member with a low attendance record has been removed and replaced with a more engaged representative.

The scheme manager is also reviewing how it records the training that pension board members attend. Currently, training is recorded at a high level and there is no clear method of identifying training needs, although informal discussions take place between the scheme manager and individual pension board members.

The scheme manager has recognised that it needs to better understand how pension board members are meeting their obligation to have an appropriate level of knowledge.

### **Pension board case study 2**

Another scheme manager we engaged with has reviewed how the pension board operates and decided to appoint an independent chair. While the chair does not have voting rights, this person lends their expertise to the running of the pension board to ensure meetings run effectively.

Having an independent chair is not compulsory but in this instance, is a positive example of a scheme manager being aware of the needs of the local pension board and taking steps to ensure it operates effectively.

The scheme manager has also developed a strong working relationship with the chair, holding a number of informal meetings outside of the formal pension board meetings. This working practice allows the scheme manager to ensure the pension board receives all the information it needs and that the scheme manager can comprehensively answer any anticipated questions.

### **Area of focus: Employers and contributions**

#### **[Code of Practice 14 – Governance and administration of public service pension schemes](#)**

Contributions must be paid to the scheme in accordance with scheme regulations. Scheme managers are also reliant on employers to provide accurate and timely member data, which is required for the effective administration of the scheme.

<

#### **Findings**

Scheme managers monitoring the payment of contributions often face the challenge of payroll

#### **Recommendations**

- Scheme managers should understand the financial position of participating



providers making a single payment for several employers and delaying sending a breakdown of the amount paid. Some scheme managers have been working with participating employers to encourage them to provide training to payroll providers where the payroll company won't engage with a body it doesn't have a direct contractual relationship with. Changing a payroll provider can cause issues. Early engagement with the employer and provider is helpful to mitigate later problems.

Scheme managers have a variety of ways of assessing the risk of employers failing to pay contributions or having a disorderly exit from the fund, depending on the fund's resources. Better resourced and funded scheme managers will carry out detailed covenant assessments of all participating employers, with other scheme managers only reviewing those they believe to pose the highest risk.

Most scheme managers seek security from employers to mitigate the risk of a failure to pay contributions. Some scheme managers rely on guarantees, particularly in relation to participating employers providing outsourced services. Others expect the majority of employers to set up a bond. Only a few scheme managers accepted a wide range of security types, generally those with larger funds.

Decisions around what security to require are often based on previous ways of operating, rather than considering the best option in individual circumstances.

### **Employer case study 1**

Having a robust method for reviewing employer risk is a high priority for one of the scheme managers we engaged with. It has developed a process to maintain oversight of the various participating employers in the fund, covering a range of topics from the provision of member data to the strength of the employer covenant.

Each employer is risk rated and the risk levels are regularly monitored. This allows the scheme manager to gain advance notice of potential problems so it can take steps to mitigate the risks and to provide comfort that guarantors are in a position to pay additional amounts to the fund if a call on the guarantee is made.

This information is also used to inform employers of any failures to meet their obligations to the fund at an early stage, identifying action points they need to carry out.

employers and take a risk-based and proportionate approach to identifying employers most at risk of failing to pay contributions. Red, Amber, Green reporting often provides extra focus.

- Employer solvency should be considered on an ongoing basis and not just at the time of each valuation.
- Where employers outsource the payroll function, early engagement with the employer on the potential risks will help them manage their supplier.
- Employers may exit the fund so it is helpful to have a principle based policy on how to manage this given that circumstances are likely to vary in individual situations.
- Scheme managers should develop an understanding of the risk and benefits of a range of security types, such as charges, bonds and guarantees.
- Scheme managers should consider whether accepting a range of security types will offer more effective protection to the fund, rather than focussing on a single form of security.
- Scheme managers should understand which employers have not provided any security for unpaid contributions and consider what appropriate steps can be taken to secure fund assets.
- Where security is in place, Scheme Managers should have a policy on when the security should be triggered.

## Employer case study 2

Scheme manager 1 has decided to incorporate a charging policy for seeking the reimbursement of costs caused by an employer's failure to comply with its obligations into admission agreements. This means the scheme manager has a clear policy in place that all employers will be aware of when they start to participate in the fund.

Not all scheme managers have approached the issue of employer compliance in the same way. Scheme manager 2 has a small portfolio of participating employers and relies on having a good relationship with them in order to achieve compliance. This scheme manager also considers that as most employers are supported by central government it need not be concerned with affordability.

We were concerned about the lack of formal processes to ensure compliance. While the scheme manager has not encountered difficulties to date, we have recommended that it makes some improvements. Additionally, all scheme managers should remember that, should a participating employer suffer an insolvency event, any missing payments due to the fund will need to be paid by someone and there should not be an over-reliance on the taxpayer and other employers.

## Area of focus: Cyber security

### [Guidance: Cyber security principles for pension schemes](#)

Pension schemes hold large amounts of personal data and assets which can make them a target for fraudsters and criminals. scheme managers need to take steps to protect their members and assets accordingly.

#### Findings

Most scheme managers are heavily reliant on the security systems put in place by the Local Authority, with some not engaging with how the procedures in place affect the fund. Scheme managers of well run funds have a good understanding of the IT systems in place, even where these are implemented by the Local Authority.

Some scheme managers have not given consideration to the risks posed by cyber crime. For these funds, cyber security did not appear on the risk register before our engagement with the scheme manager.

Scheme managers that are aware of the risks associated with cyber crime generally have robust procedures in place to test the effectiveness of both cyber security and resilience methods.

#### Recommendations

- Scheme managers and pension boards should understand the risk posed to data and assets held by the fund so steps can be taken to mitigate the risks. This should be reflected in the risk register.
- Regular, independent, penetration testing should be carried out. Scheme managers should consider physical security as well as protection against remote attacks.
- Where cyber security is maintained by the Local Authority rather than the scheme manager, the scheme manager should understand the procedure and ensure the fund's requirements are met.
- Scheme managers should be aware of the cyber security processes used by third party providers, such as the administrator or custodian, that handle fund assets or data.

## Cyber security case study 1

A scheme manager we engaged with identified cyber security as one of the top risks to the fund. It demonstrated a good awareness of the processes put in place by the Local Authority and carries out testing of these processes.

The scheme manager had recently tested both its cyber defences and the wider business continuity plan. As a result it is confident it can provide a good service to savers in the event of a wide variety of disaster scenarios.

As part of our engagement we also found the scheme manager has processes in place to assess the adequacy of steps taken by its service providers to protect member data. This gives the scheme manager comfort that member data will be secure when being handled by other bodies.

Although the scheme manager has not implemented its own controls it has rigorously reviewed the process put in place by the Local Authority. It has satisfied itself that those processes are of a sufficient standard to protect the fund and its savers.

### **Cyber security case study 2**

A scheme manager had not considered the importance of cyber security until we engaged with them as part of this work. The scheme manager was reliant on the security measures put in place by the council but did not engage on the topic, so it was not clear how it was affected.

Cyber security did not appear on the fund's risk register and the scheme manager was not actively considering the dangers of a successful cyber attack on the fund.

Following our engagement, the scheme manager has developed its understanding of the risks surrounding cyber security. It now records the risk on its risk register and as part of the Local Authority's strategy all staff will receive mandatory training in cyber security.

The scheme manager has also started engaging with third party service providers to ensure they also have robust cyber security and data protection procedures in place. This gives the scheme manager better oversight of how member data is protected when not under the scheme manager's direct control and marks a significant improvement in how this risk is monitored and mitigated.

### **Area of focus: Internal fraud and false claims**

#### **[Code of Practice 14 – Governance and administration of public service pension schemes](#)**

Schemes without strong internal controls are at greater risk. This includes having a clear separation of responsibilities and procedures which prevent a single member of staff from having unfettered access to scheme assets. Strong internal controls, particularly over financial transactions, also help mitigate the risk of assets being misappropriated.

#### **Findings**

Scheme managers generally appear to have an awareness of the risks of fraud against their fund, both from an internal and external source. We found scheme managers are generally aware of publicised fraudulent activity that have affected other pension schemes and have taken steps to review their own procedures.

Scheme managers of well run funds typically take steps to regularly screen member existence. Their scheme managers are also aware that not all incorrectly claimed pension benefits are the result of an attempt to defraud the fund and can

#### **Recommendations**

- Scheme managers should regularly review their procedures to protect the fund's assets from potential fraud.
- A clearly auditable process should be in place for the authorising of payments. Ideally, this would require more than one person to provide authority to make the payment.
- A scheme manager should have a policy in place to differentiate between a

identify when to treat a situation with sensitivity.

Most scheme managers have introduced multiple levels of sign offs, with more than one person being required to agree to a payment being made. The scheme managers were also aware of frauds involving other funds, where this had been made public. They had taken steps to reduce their own vulnerability to similar issues.

potential fraud and a potential honest mistake by a saver.

- Where a fraud is detected in the scheme manager's fund, or another one, they should take steps to stop the fraud and analyse causes to prevent a reoccurrence.
- When paper records are being used they should be held securely to prevent the risk of loss or mis-appropriation.

### **Fraud case study 1**

A scheme manager has worked with its administrator to put in stringent measures to prevent fraudulent activity. In addition to participating in the National Fraud Initiative, it does regular life certificate exercises as part of the fund's policy, checking mortality and addresses. Where doubts are raised the scheme manager will suspend payments pending clarification.

Many of the members of the fund are now non-resident in the UK, which provides challenges to the scheme manager in locating members. The scheme manager has adopted an innovative use of technology for the foreign domiciled members by arranging video calls to speak to the member who must show their passports to provide their identity and confirm personal details.

The scheme manager demonstrated good awareness of the risk of internal fraud by connected persons, and there is clear segregation of duties. Additionally, the workflow processes being system driven provide automatic checks with different people checking and authorising the processes. Suspicious payments are immediately reported to senior management to check.

Fraud reporting policies are clear, and internal auditors are involved whenever there is suspicion of a fraudulent activity. The fraud reporting goes immediately to directorship and chief executive level.

### **Fraud case study 2**

In this instance the scheme manager has strong controls in place to identify potential frauds against the fund assets.

The scheme manager works with the National Fraud Initiative to identify instances of possibly fraudulent claims for a benefit from the fund. The scheme manager's work in this area is supplemented by its involvement with the 'Tell Us Once' initiative and the use of a third-party agency to help identify when beneficiaries have passed away.

The scheme manager also demonstrated an awareness of the risks associated with members and other potential beneficiaries being overseas. It carries out existence checks on these people as well as those residing in the United Kingdom.

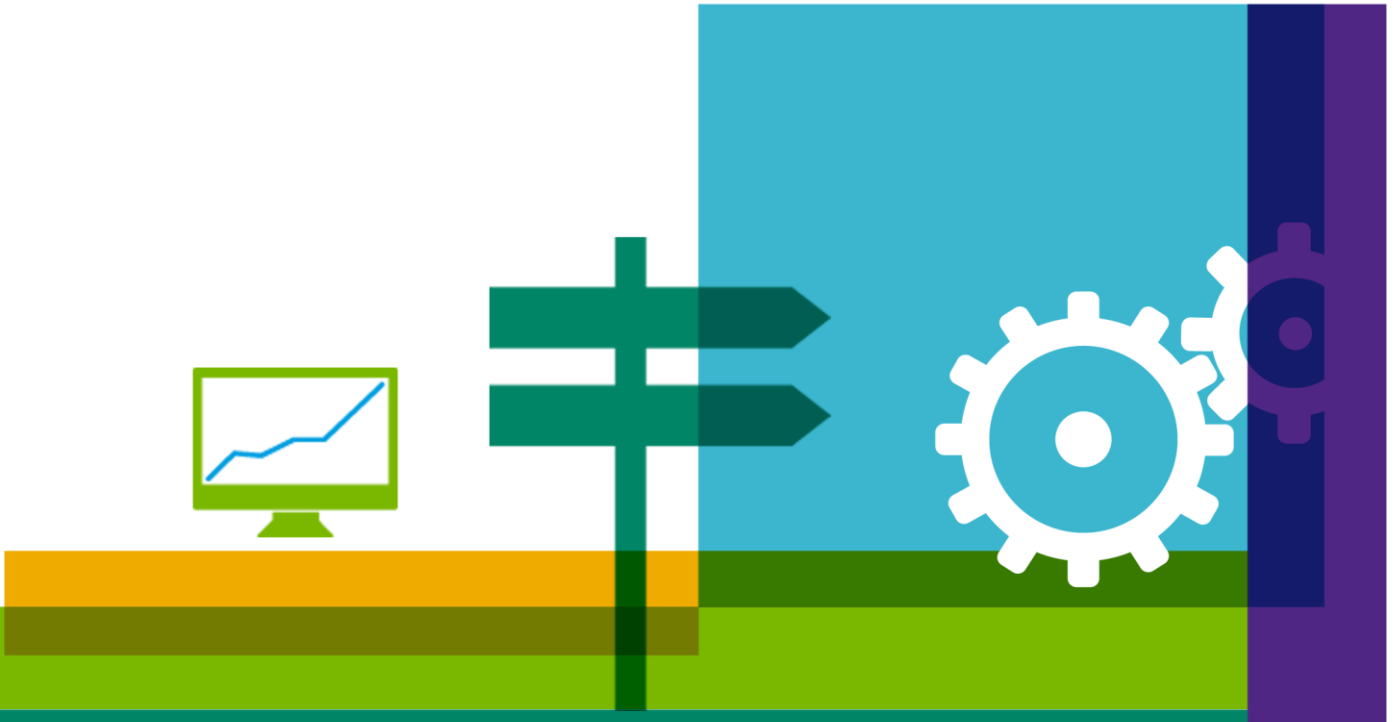
When a payment is due to be made, the scheme manager has introduced a vigorous set of controls. This has led to a clear separation of duties and the requirement for payments to be independently authorised, reducing the risk of fund employees misappropriating fund assets.

## **Conclusion**

We've outlined some areas of good practice in this report, and also some areas where we remain concerned and expect scheme managers to improve where appropriate. Overall, we noted:

- Not all funds are the same and there is a variety of equally valid approaches to mitigating risk used across funds in the LGPS.
- It is important that scheme managers recognise, and maintain, a separation between the fund and Local Authority to avoid an over-reliance on the Local Authority's policies and procedures. When establishing its own policies and procedures a scheme manager should be able to seek assistance from the pension board, meaning steps should also be taken to ensure the pension board is able to fulfil its role. Where this is not possible, scheme managers should feed into creating Local Authority policies to make sure they are fit for purpose.
- There are clear benefits to the operation of the fund where there is an engaged s.151 officer who is directly involved.
- Good quality data and record-keeping standards underpin all aspects of successfully running a fund and these areas should be treated as a priority in order to drive good outcomes.
- Scheme managers that have developed and implemented a robust pension administration strategy have found them useful. While not a legal requirement, scheme managers should consider whether this type of document will be useful and look to introduce them where this is the case.
- A common risk is the unexpected departure of key members of the scheme manager's staff. Succession planning and clearly recorded processes help mitigate this risk.
- Measuring governance and administration is challenging and requires more than just an analysis of raw figures. Scheme managers should therefore put in place appropriate reporting measures that they believe capture both quantitative and qualitative assessments. This approach should be tailored to the specific circumstances of their fund.
- Scheme managers should take a holistic approach when considering the governance and administration risks to their fund. Most risks are connected to each other and a scheme manager should understand how a risk materialising will impact on other areas of governance and administration.
- Risks to funds are constantly changing and evolving. For example, the methods used by scammers change over time. Scheme managers should be alert to the changing nature of risks and adapt their approaches accordingly.
- Many scheme managers have a clear understanding of how their funds operate and want to provide the best experience for savers. Where scheme managers liaise with each other to discuss common challenges and solutions to them, whether at formal events or through ad hoc engagement, often leads to improved governance standards. We encourage such action.

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## Report to the London Borough of Barnet September 2019

London Borough of Barnet Pension Fund

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## 1. Introduction

This report covers the overall administration, engagement with members and employers and Service Delivery of the London Borough of Barnet Pension Fund and the activities covered within the month of September 2019.

## 2. Executive Summary

Headlines	
1	During the period 1637 cases were completed <ul style="list-style-type: none"> <li>○ 44% more cleared in September compared to August</li> <li>○ 1344 were completed within target</li> </ul>
2	Overall performance has increased over the month of September across all categories
3	Recovery plan in place, to reduce aged casework, aged cases over 30 days will be initial targets to clear by the end of October.
4	Assistance agreed to support clearance of leaver cases

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

Table 1: Overall Summary	
Case Group / Category	Volumes
<i>All work outstanding at the beginning of the period</i>	<b>3196</b>
<i>Cases received in the period</i>	<b>2206</b>
<i>Cases completed in the period</i>	<b>1637</b>
<i>Cases re-categorised during the period</i>	<b>469</b>
<b><i>All work outstanding at the end of the period</i></b>	<b>3296</b>
<i>Number of outstanding cases awaiting 3rd party information</i>	<b>2171</b>
<i>Number of workable items</i>	<b>1125</b>
<b>Total</b>	<b>3296</b>
<i>Cases completed within standard LGPS targets</i>	<b>1344</b>

<b>Aged Cases Recovery Plan</b>	
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Clearing the aged cases has presented challenges across the month in terms of unplanned absence of core team members, as a result progress was not as expected. As we move into October, we expect to see increased traction in this work with the first target to clear all cases older than 30 days by the end of October.

A weekly report to track recovery of aged work is now in place together with a weekly update of outstanding complaints.

### 3. Performance Breakdown

**Performance Breakdown**

In order to provide a greater understanding of the key transactions completed in the period, the following table sets out our performance against those transactions showing the starting and finishing position and the performance level achieved against each Case Type in the period. Volumes of work received in September are 33% higher than those received in August. This is due to an increase in areas relating to the schools returning and associated activities increasing and some enquiries as a result of issuing annual benefit statements.

Volumes of worked cleared in September have increased by 44% when compared to August; although we faced staff challenges during the month, we have brought in additional staff to support the team. This will continue to enable us to reduce the aged work.

**Table 2: Summary Breakdown by Case Group**

Case Group	Start	Received	Completed	Terminated	Carried F/Ward	Completed Within	SLA %
<i>Change of details</i>	17	137	124	17	13	118	<b>95.16%</b>
<i>Enquiries</i>	149	437	316	86	184	238	<b>75.32%</b>
<i>Request for Estimate of Benefits</i>	208	131	74	45	220	58	<b>78.38%</b>
<i>Leavers</i>	1205	118	72	53	1198	40	<b>55.56%</b>
<i>New Starters</i>	96	16	59	6	47	58	<b>98.31%</b>
<i>Retirements</i>	234	56	47	23	220	21	<b>44.68%</b>
<i>Transfers In</i>	122	13	4	1	130	4	<b>100.00%</b>
<i>Transfers Out</i>	47	11	3	6	49	2	<b>66.67%</b>
<i>Bereavements</i>	218	26	18	3	223	13	<b>72.22%</b>
<i>Other</i>	900	1261	920	229	1012	792	<b>86.09%</b>
<b>Total</b>	<b>3196</b>	<b>2206</b>	<b>1637</b>	<b>469</b>	<b>3296</b>	<b>1344</b>	<b>82.10%</b>

# Service Delivery Report

## September 2019

### SLA Tracker

Case Group	Feb SLA	RAG	Mar SLA	RAG	Apr SLA	RAG	May SLA	RAG	Jun SLA	RAG	July SLA	RAG	Aug SLA	RAG	Sept SLA	RAG
Change of details	100.00%		100.00%		92.19%		100.00%		86.21%		98.11%		92.73%		95.16%	
Enquiries	98.31%		89.56%		79.37%		88.61%		61.63%		76.51%		66.80%		75.32%	
Request for Estimate of Benefits	100.00%		96.67%		79.31%		89.36%		62.11%		54.05%		59.70%		78.38%	
Leavers	96.74%		88.89%		84.75%		79.25%		75.00%		25.40%		42.03%		55.56%	
New Starters	92.16%		92.62%		60.78%		83.33%		90.00%		100.00%		93.33%		98.31%	
Retirements	75.00%		75.00%		72.22%		78.26%		71.43%		71.43%		41.67%		44.68%	
Transfers In	100.00%		87.50%		100.00%		100.00%		100.00%		75.00%		50.00%		100.00%	
Transfers Out	100.00%		100.00%		85.19%		83.33%		66.67%		66.67%		57.14%		66.67%	
Bereavements	100.00%		100.00%		62.96%		70.00%		64.29%		66.67%		46.43%		72.22%	
Other	98.21%		90.58%		86.20%		90.84%		86.35%		83.71%		72.52%		86.09%	
<b>Total</b>	<b>97.25%</b>		<b>91.08%</b>		<b>82.78%</b>		<b>89.28%</b>		<b>79.97%</b>		<b>81.00%</b>		<b>66.61%</b>		<b>82.10%</b>	

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

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

### Work in Progress Position

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

**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
765	506	227	305	105	598	18	417	9	193	1	152

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

Actions:

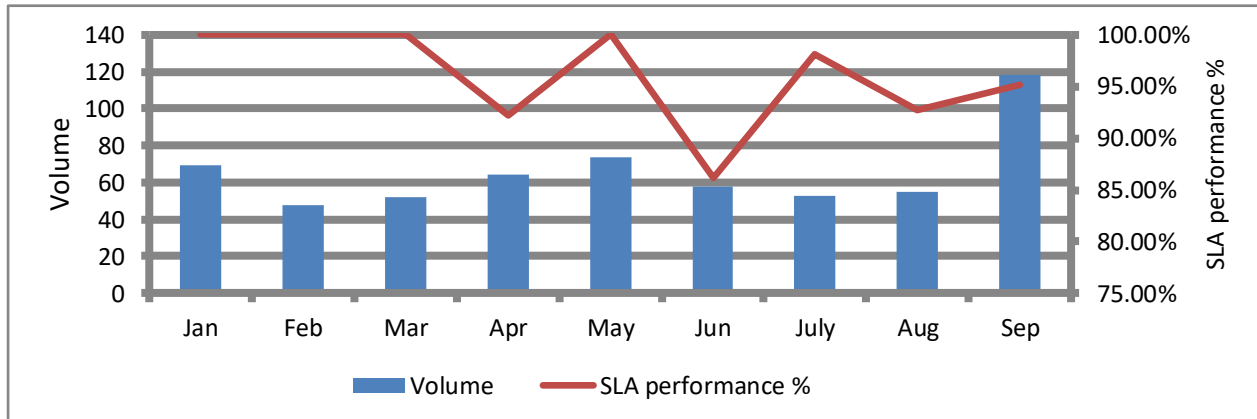
- Clearance of failed cases, this will impact the overall level of performance moving forward
- Focus to be given to leaver cases as this is the highest volume of outstanding work
- Additional support from the wider business identified and has joined the team on a temporary basis.  
Training continues

## SLA 1 – Change of Personal Details

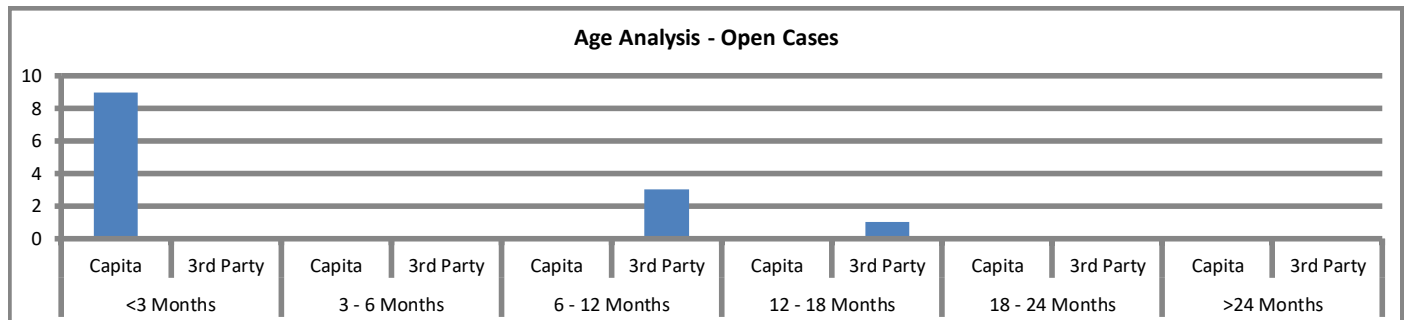
Process change to member details within 10 days of receipt of request

SLA Performance Percentage

# 95.16%



Volume received in the period	137
Volume processed in the period	124
Remaining open cases (age analysis below)	13



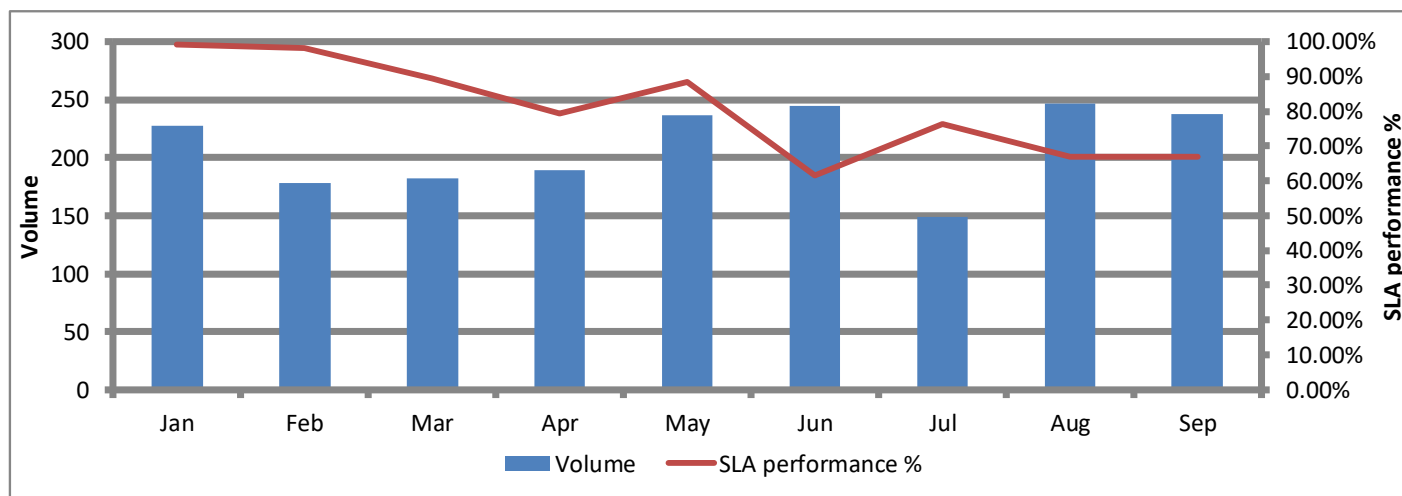
A significant increase in volume compared to August with more than double the volume of cases received. As expected, the issue of the annual benefit statement prompts members to review their detail and contact us with amendments.

## SLA 2 – General Enquiries

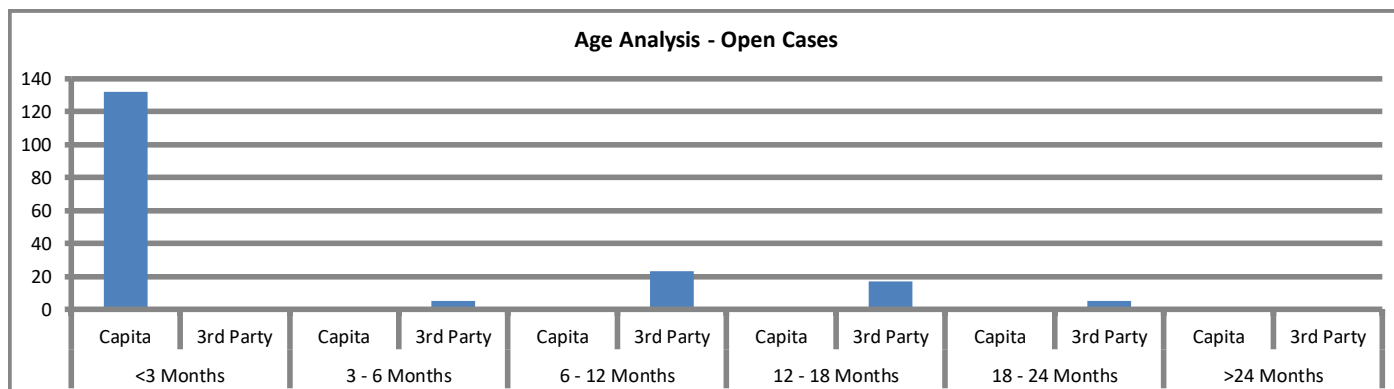
Provide a response to member or beneficiary within 10 days of receipt of correspondence

SLA Performance Percentage

# 75.32%



Volume received in the period	437
Volume processed in the period	316
Remaining open cases (age analysis below)	184



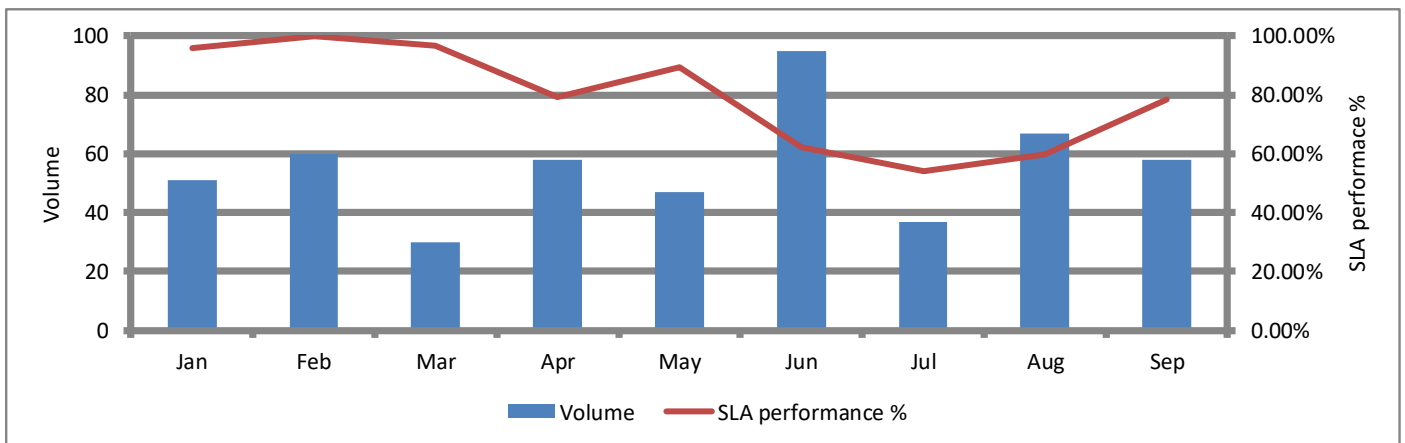
We have seen an increase in enquiries this month several which relate to questions about service again prompted by the issue of the annual benefit statements. In addition, we have seen some enquiries looking for updates on their case, we expect that these will reduce as the aged cases reduce.

**SLA 3 – Request for Estimate of Benefits**

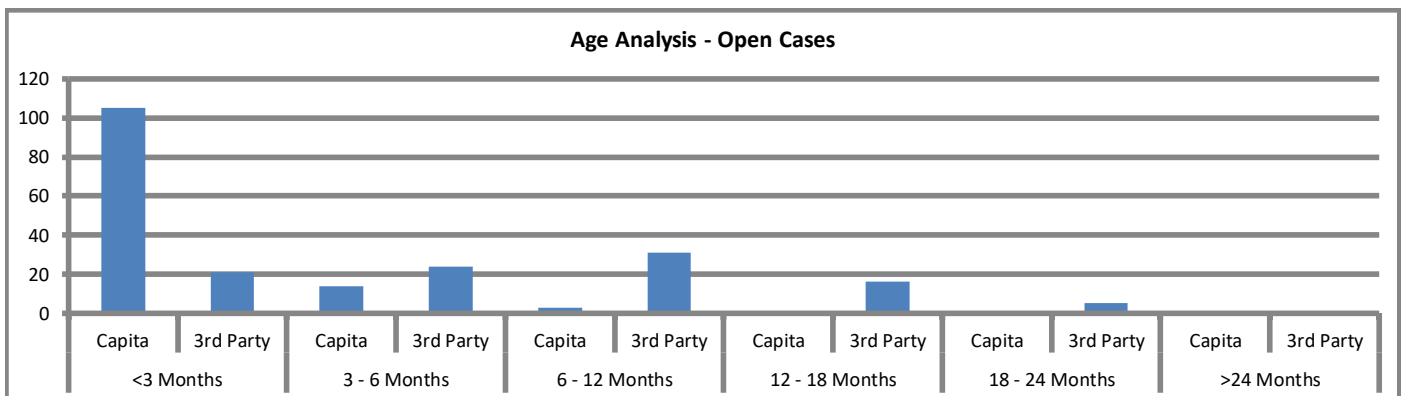
Issue benefit quotation within 10 days of receipt request

SLA Performance Percentage

**78.38%**



Volume received in the period	131
Volume processed in the period	74
Remaining open cases (age analysis below)	220



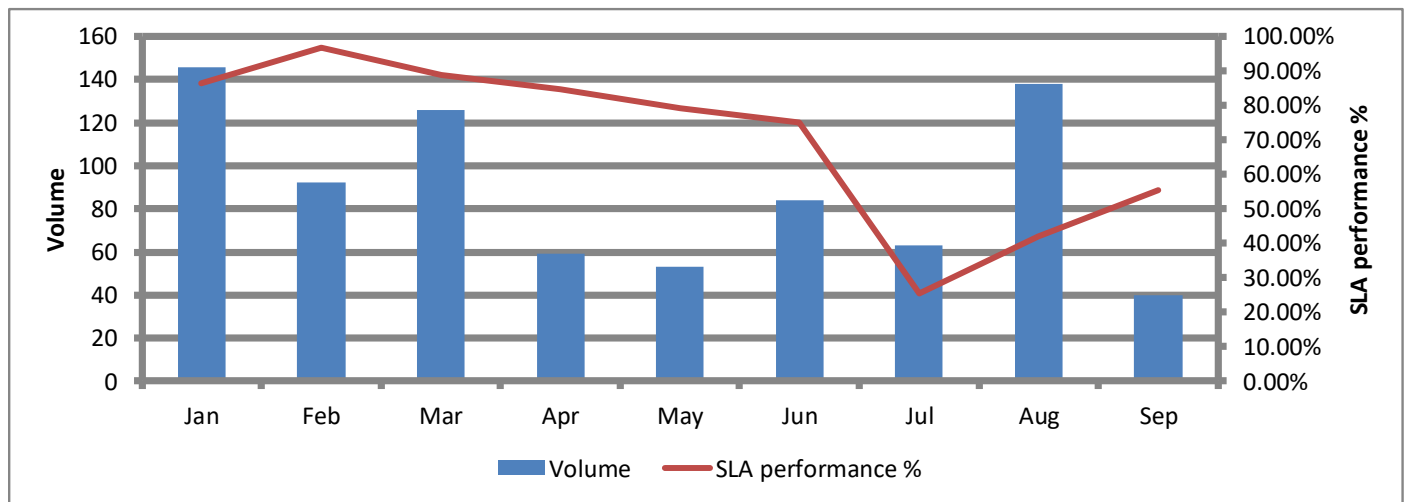
A slight reduction in volumes this month, clearance of the outstanding cases to allow members to make informed decisions ahead of the next potential peak in retirements at the end of the year.

**SLA 4 – Leavers**

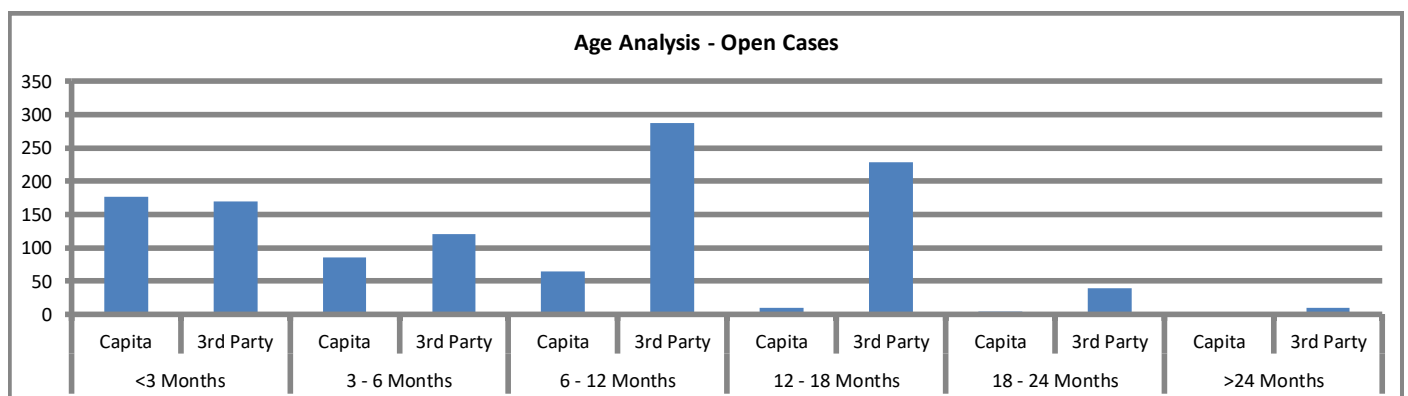
Provide statement of Preserved Benefits within 20 days of notification of exit  
Process payment of refund of contributions within 10 days of receipt of notification

SLA Performance Percentage

**55.56%**



Volume received in the period	118
Volume processed in the period	72
Remaining open cases (age analysis below)	1198



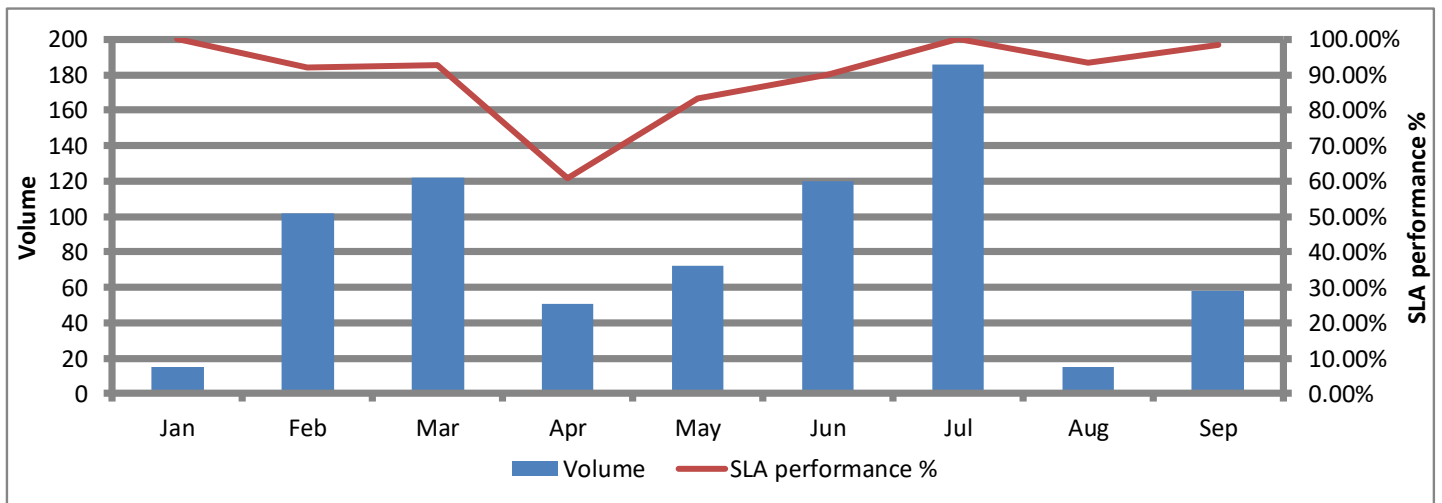
This still remains the largest area of work; the additional support to join the team has received training in this area of work and as we progress through the final quarter of the year, we expect to see significant reduction in the outstanding volumes.

**SLA 5 – New Starters**

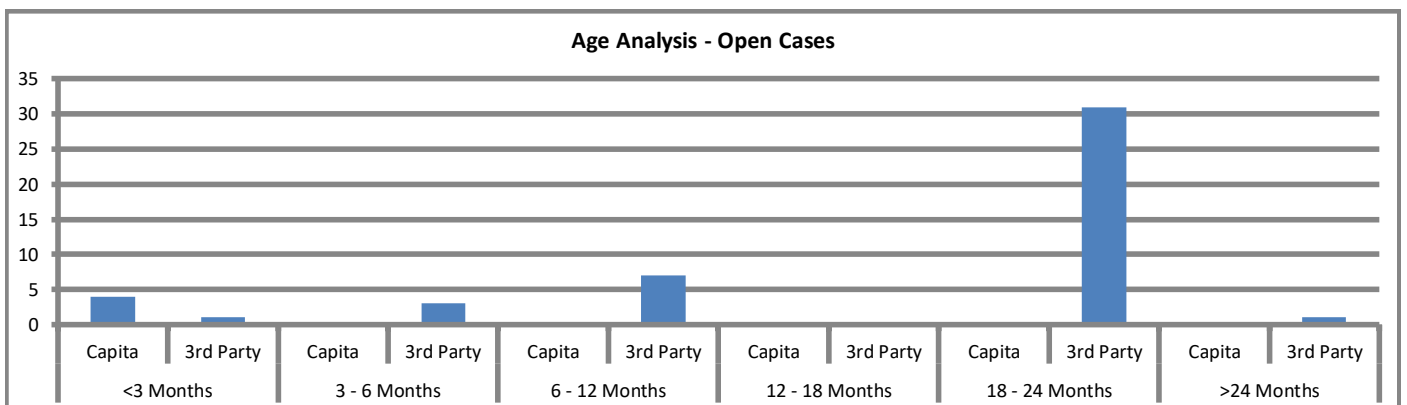
Creation of system record within 4 days of receipt of notification

SLA Performance Percentage

**98.31%**



Volume received in the period	16
Volume processed in the period	59
Remaining open cases (age analysis below)	47



Performance in this area remains high; an increase in volumes received as the new term starts.

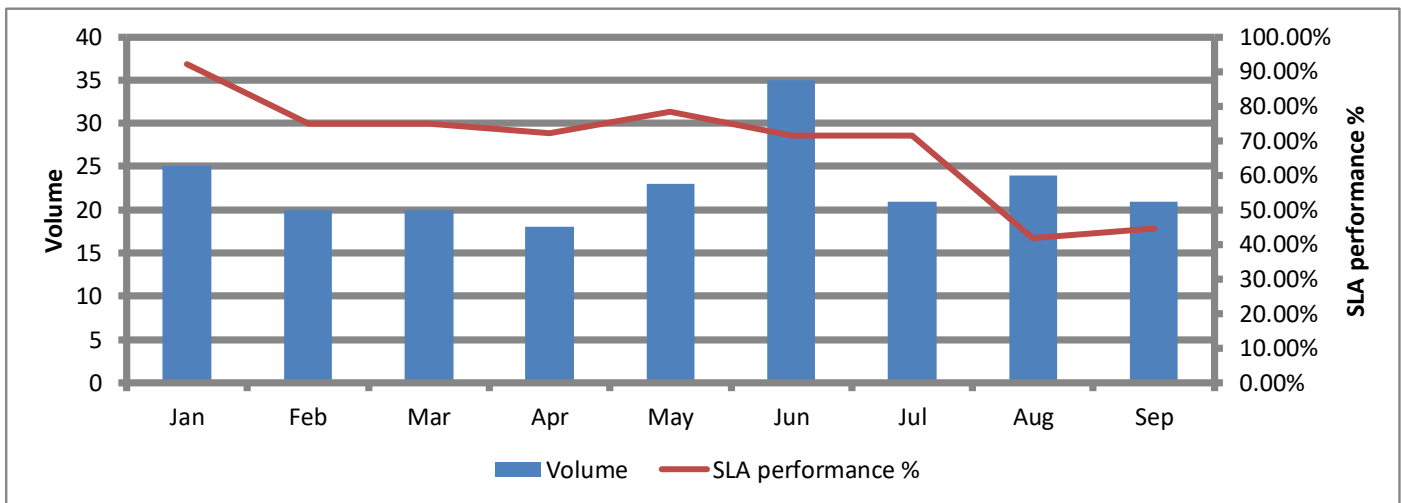


**SLA 6 – Retirements**

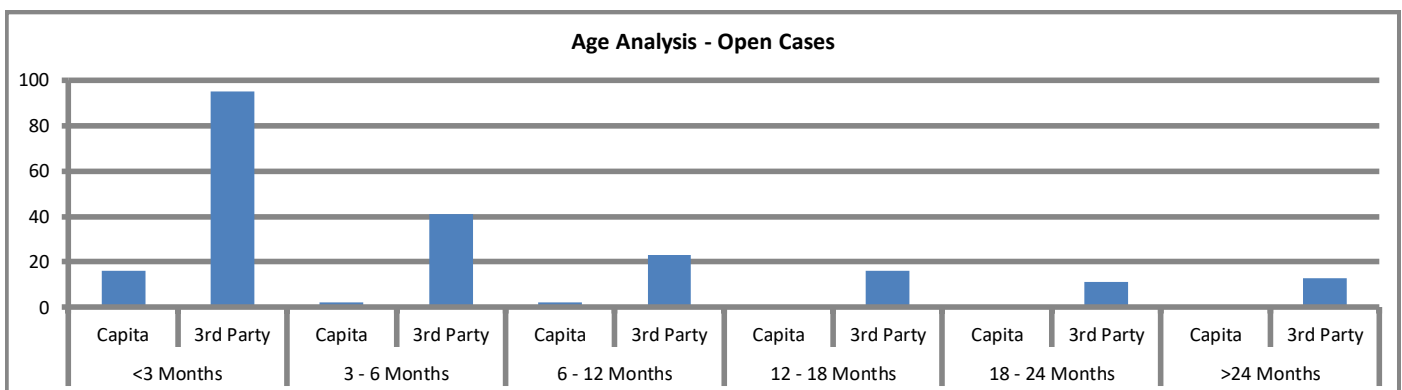
Issue retirement quote within 10 days of receipt of request & Issue retirement quote within 10 days of receipt of request

SLA Performance Percentage

**44.68%**



Volume received in the period	56
Volume processed in the period	47
Remaining open cases (age analysis below)	220



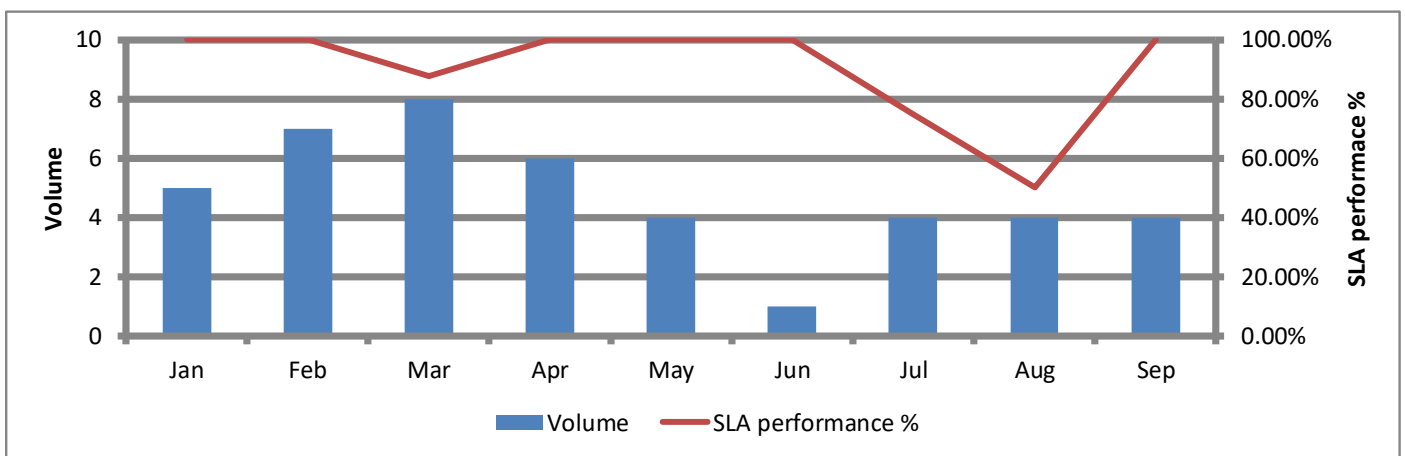
We expect that performance against target will reduce over the coming months as we conclude outstanding cases as part of the aged case clearance.

## SLA 7 – Transfer In

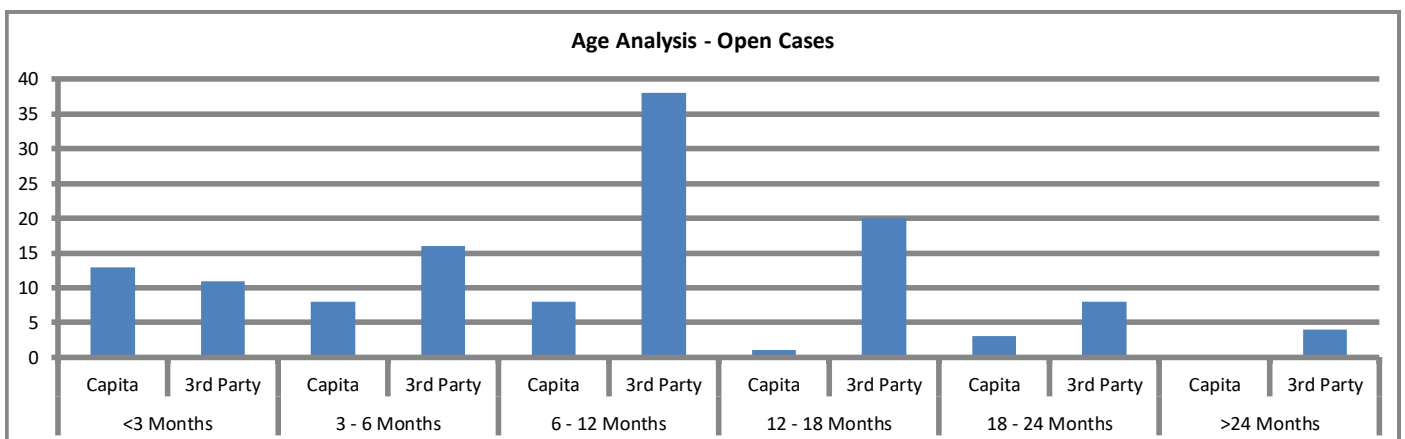
Issue request for transfer details to previous scheme within 5 days of receipt  
Issue request for payment of transfer value within 10 days of receipt of member's confirmation to proceed  
Update member record with details of transfer in within 7 days of receipt of transfer value payment.

SLA Performance Percentage

# 100%



Volume received in the period	13
Volume processed in the period	4
Remaining open cases (age analysis below)	130



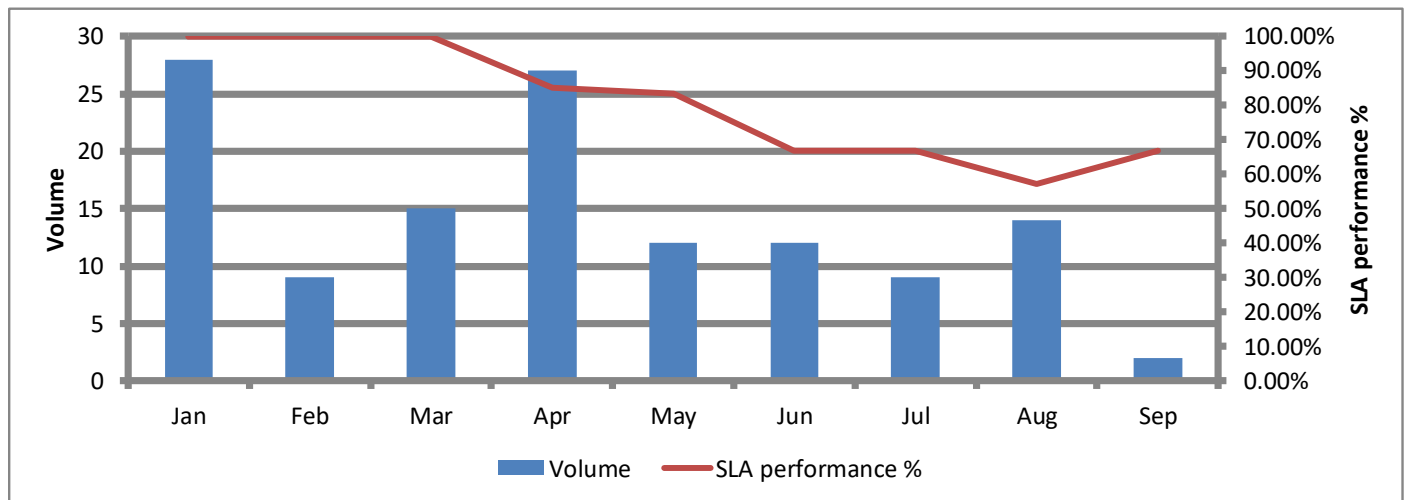
Volumes received remain consistent, we expect performance to decrease as we clear the aged casework.

## SLA 8 – Transfer Out

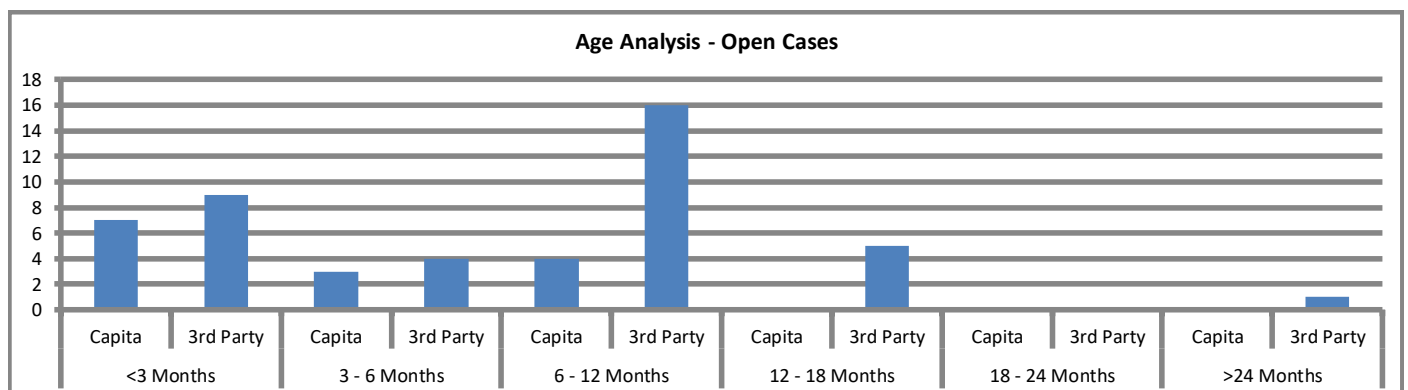
Provide details of deferred pension and TV value within 20 days of receipt of request from new scheme  
Process payment of transfer value within 10 days of receipt of members confirmation to proceed

SLA Performance Percentage

# 66.67%



Volume received in the period	11
Volume processed in the period	3
Remaining open cases (age analysis below)	49



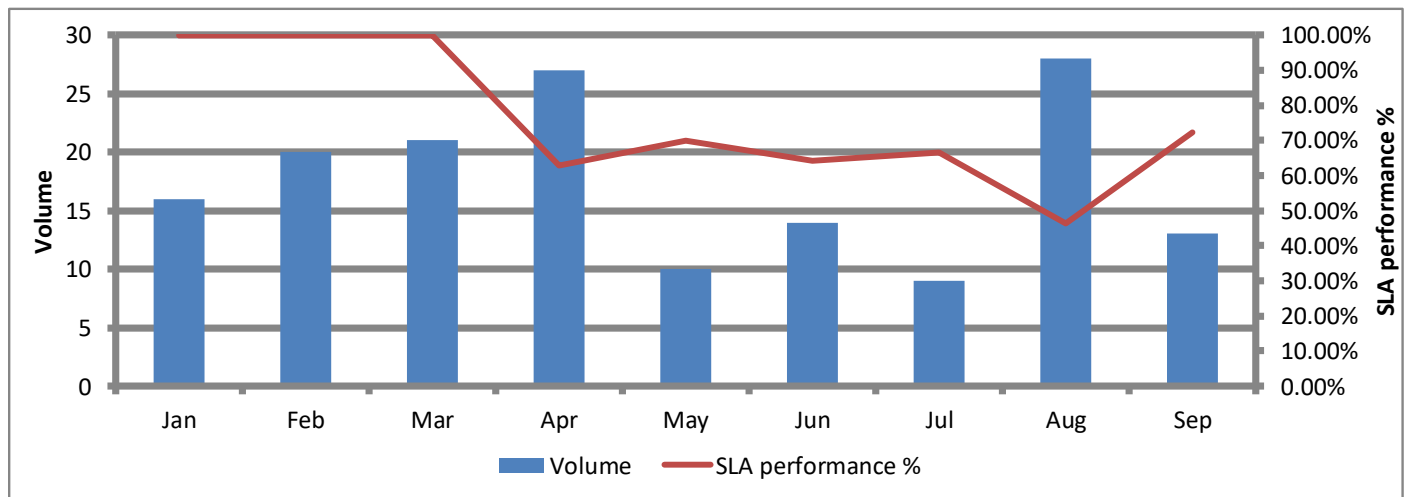
We expect performance to decrease as we clear the aged casework.

**SLA 9 – Bereavements**

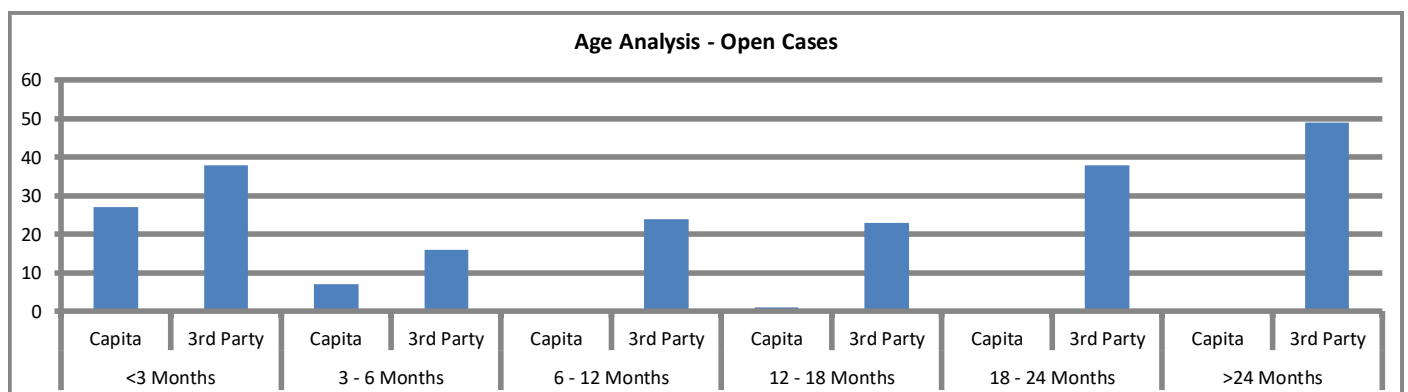
Issue details of benefits payable and death lump sum all due within 5 working days

SLA Performance Percentage

**72.22%**



Volume received in the period	26
Volume processed in the period	18
Remaining open cases (age analysis below)	223



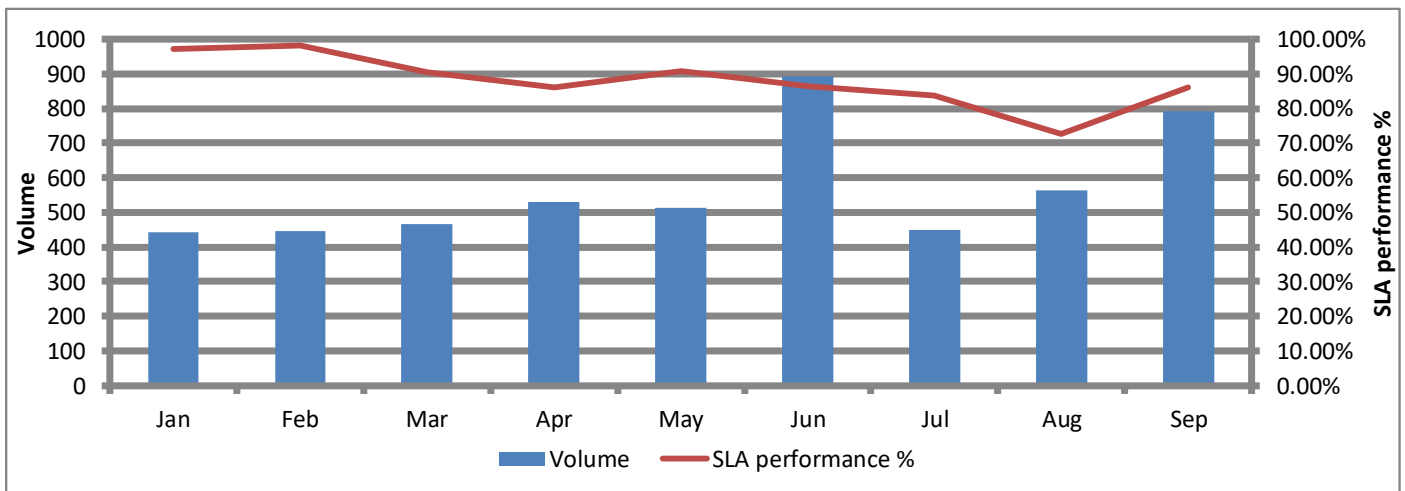
Volumes received in September are at the expected level, we anticipate that volumes in this area will increase as we move into the latter part of the year. As we review 3<sup>rd</sup> party cases, this area of work will receive the initial focus.

**SLA 10 – Other**

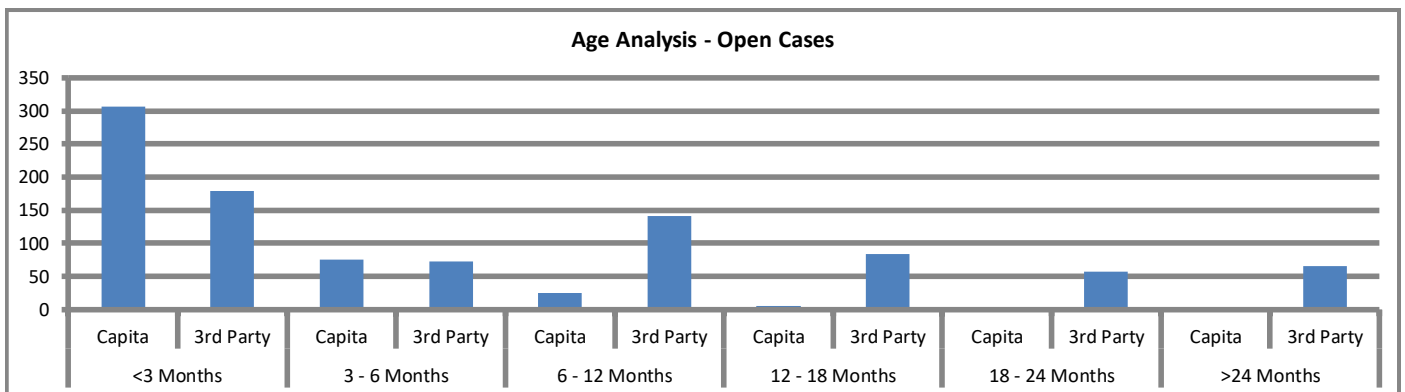
Issue appropriate documentation / response to requests for information within 10 days of receipt of request

SLA Performance Percentage

**86.09%**



Volume received in the period	1261
Volume processed in the period	920
Remaining open cases (age analysis below)	1012



Despite the higher volumes received this month, we did see an improvement in performance. To achieve this higher level of output we were able to ask for assistance from our telephony colleagues to support us in the more straight forward of tasks.

Service Delivery Report  
September 2019

**Member Helpline**

There were 964 calls offered during August. Analysis of the reason for contact indicates the split of calls across the following options:

- Bereavement            68
- Changes                83
- Pension / Tax        348
- General                465

	Volume	%
Calls Offered	964	
Calls Answered	959	99.48%
Calls Abandoned	5	0.52%

Average Handling Time	460 seconds
Average queue time – Darlington	7 seconds
Percentage of calls answered in 30 seconds	96.89%

## 4. Quality Management

### Quality Checking (QC)

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

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

Overall quality performance is 99% for the month of September. There were 985 transactions reviewed, of these there were 10 errors identified.

There were 5 people errors, these ranged from incorrect input, not following procedure wrong information provided. These were all identified and corrected prior to case completion.

The remaining 5 errors were because of process / procedures. Feedback is provided immediately the error is identified but as we gather more information, we can use the opportunity to create a valuable set of training notes.

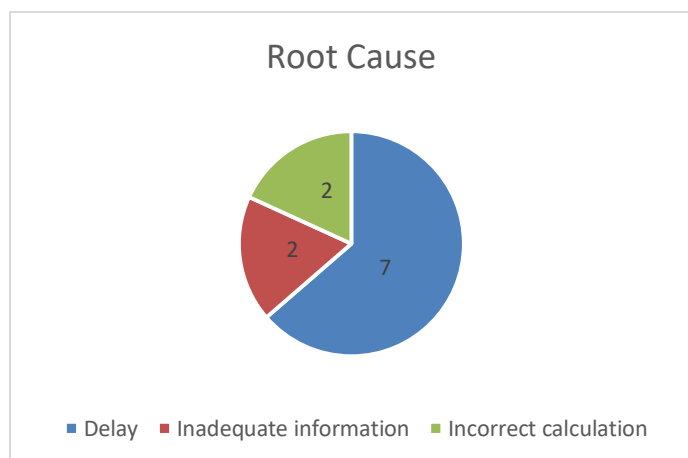
### Complaints

The table below shows the age profile of outstanding complaints

Category	0 to 10 days	11 to 20 days	21 to 40 days	41 + days
Bereavement	1			
Leaver				
Transfer	1		1	
Retirement	1	1	3	1
Other		1	1	
<b>TOTAL</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>1</b>

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

Root Cause	Volume
Delay	7
Inadequate information	2
Incorrect calculation	2



### Closed in month

Member	Date of Receipt	Details of Case (NEWCASE)
Member CK	06/06/2019	Delay in transfer in process
Member CO	03/06/2019	Delay in relation to retirement process
Member CS	21/06/2019	Member unhappy that appeal re amalgamation of service has not been addressed
Member CU	28/06/2019	Member is unhappy that we have calculated her pension options based on term time reductions after she had previously received estimated without term time reductions in error.
Member CY	08/07/2019	Delay in retirement process
Member DB	14/08/2019	Delay in receiving option forms
Member DD	30/08/2019	Member unhappy with the delay waiting for option forms



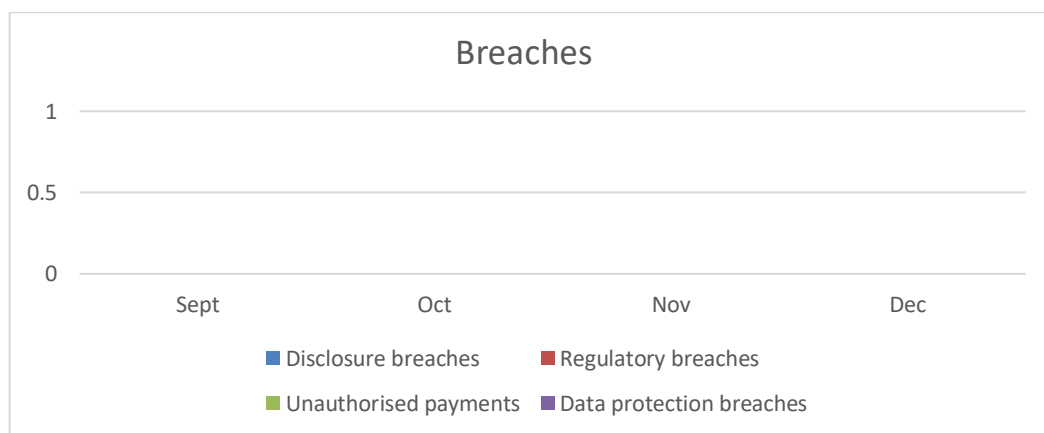
### Outstanding complaints

Member	Date of Receipt	Details of Case (NEWCASE)
Member BE	18/10/2018	Delay in retirement process
Member CX	05/07/2019	Unhappy with the pension estimate and the information provided when she rang. Spoke to team manager who provided clarity, but felt she had to make decisions around redundancy based on incorrect information.
Member DC	29/08/2019	Member unhappy with the delay in dealing with Transfer and in the delay in responding to emails
Member DE	13/09/2019	Member unhappy that marriage certificate not returned and that no confirmation letter received
Member DF	23/09/2019	Member unhappy with delay in dealing with Transfer
Member DG		Member was unhappy with his pension amounts, also the delay in processing his ill health retirement
Member DH		Problems with CARE pay and contributions.
Member DI		Member questioning historical refund. Claims she never had this.
Member DJ		Member disputing APC payments as the payment had been duplicated each Month.
Member DK	25/09/2019	Member is unhappy with the delay, she has changed her retirement date due to not receiving her estimate on time
Member DL	25/09/2019	Member is unhappy with the time it has taken to process his spouse benefits.

## 5 Regulatory Compliance

The table below is a summary table of the breaches logged

Breaches logged	Sept	Oct	Nov	Dec
Disclosure breaches	0			
Regulatory breaches	0			
Unauthorised payments	0			
Data protection breaches	0			
<b>Total</b>	<b>0</b>			



### Disclosure Breaches

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

Breaches logged	Sept	Oct	Nov	Dec
Disclosure breaches	0			

Commentary:  
No cases to report

### Regulatory Breaches

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

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

Breaches logged	Sept	Oct	Nov	Dec
Regulatory breaches	0			

Commentary:  
No cases to report

### Unauthorised payments

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

Breaches logged	Sept	Oct	Nov	Dec
Unauthorised payments	0			

Commentary:  
No cases to report

### Data Protection Breaches

Breaches logged	Sept	Oct	Nov	Dec
Data protection breaches	0			

Commentary:  
No cases to report

## 6 Risks

Significant Risks update
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Section Under Review

## 7 Finance

### 7.1 Finance Dashboard

	Task to be measured	RAG status			Task description	Contract measure	RESULTS (in % terms where grey)			Measurement
		Previous	Current	Forecast*			Last month	This month	Movement	
ACCOUNTS	Closing bank balance			→	Balance in Capita re. LBB bank account at the month-end	n/a	2,520,865.65	3,007,653.97	486,788.32	n/a - movements monitored via cashflow and reconciliation
	Submit Integra journal to LBB			→	Month-end AcLink Trial Balance finalised and checked before figures are populated to the integra journal, checked and signed off	WD10	Complete	WIP	n/a	by WD 10
	Bank account reconciliation			→	Reconcile bank account per AcLink Trial Balance. Due by working day 10 hence reported one month in arrears on dashboard	Reported to CES risk team monthly	Complete	WIP	n/a	by WD 10
	Control account reconciliations			→	Volume of reconciled control accounts per AcLink Trial Balance. Due by working day 10 hence reported one month in arrears on dashboard	Reported to CES risk team monthly	Complete	WIP	n/a	by WD 10
PAYROLL	Barnet payrolls ran and paid on time			→	Confirmation that both Barnet payrolls (mid-month and month-end) were processed and paid on time	n/a	1	1	0	All payrolls ran and paid on time, if not then RED
	Volume of payments processed			→	Total number of payments processed per the payroll control reports	n/a	7,868	7,898	-30	Green = less than 1%, Amber = less than 5%, Red = greater than 5%
	Volume of rejected payments			→	Total number of payments rejected per the payroll control reports	n/a	9	2	7	Green = less than 1%, Amber = less than 5%, Red = greater than 5%
	% of rejects versus payments paid			→	Percentage of rejected records against payments processed	n/a	0.11	0.03	0.09	Green = less than 1%, Amber = less than 5%, Red = greater than 5%
	HMRC PAYE payover			→	PAYE due is paid to HMRC in line with statutory payment deadlines	Statutory deadline = 22nd	Y	Y	n/a	Green = Paid by 22th, Amber = Late, Red = Outstanding
	HMRC AFT returns			→	AFT returns due are reported and paid to HMRC in line with statutory payment deadlines	Statutory deadline = paid within 45 days of quarter ending	Not due	Not due	n/a	Green = All paid on time, Amber = any paid late, Red = any outstanding

# Service Delivery Report

## September 2019

CONTRIBUTIONS	Late payers of contributions	Green	Green	→	Number of employers failing to pay by the 22nd deadline for current month contributions due	n/a	1	0	-1	Green = less than 5%, Amber = less than 10%, Red = greater than 10%
	Late payers of contributions (%)	Green	Green	→	Number of employers failing to pay by the 22nd deadline for current month contributions due expressed as a % of the current population	n/a	1.2	0.0	-1.2	Green = less than 5%, Amber = less than 10%, Red = greater than 10%
	Outstanding current month contributions	Amber	Amber	↗	Number of employers failing to pay by the 22nd deadline for current month contributions due that remain outstanding.	n/a	3	4	1	Green = less than 1%, Amber = less than 5%, Red = greater than 5%
	Outstanding current month contributions (%)	Amber	Amber	↗	Number of employers failing to pay by the 22nd deadline for current month contributions due expressed as a % of the current population	n/a	3.6	4.8	1.2	Green = less than 1%, Amber = less than 5%, Red = greater than 5%
	Outstanding prior month contributions	Green	Green	→	Volume of outstanding prior month contributions due to the scheme	n/a	2	2	0	Green = 5 or less, Amber = 6-10, Red = more than 9
	Outstanding contribution breakdown slips for current month	Green	Green	→	Volume of breakdown slips in respect of the current month outstanding at the month-end	n/a	2	4	2	Green = 5 or less, Amber = 6-10, Red = more than 10
	Outstanding contribution breakdown slips for current month (%)	Amber	Amber	↗	Volume of outstanding current month contribution breakdown slips expressed as a % of the current population	n/a	2.4	4.8	2.4	Green = less than 1%, Amber = less than 5%, Red = greater than 5%
	Volume of outstanding contribution breakdown slips for prior month	Amber	Green	→	Volume of breakdown slips in respect of prior months outstanding at the month-end	n/a	4	0	-4.00	Green = Less than 10, Amber 10-20, Red = 21 plus
	Current month employer tolerance breaches	Green	Green	→	Volume of employers where current month's contributions create a tolerance breach (current measure is 10%)	n/a	6	9	3.00	Green = Less than 10, Amber 10-20, Red = 21 plus
	Employer new breakdown form submissions	Red	Green	→	Volume of employers submitting new contributions form expressed as a % of the employer population	n/a	86	95	9.35	Green = 95-100%, Amber = 90-94.9%, Red = below 90%
Member contributions data coverage	Red	Red	↗	Approximate coverage of member contributions data expressed as a % of the member population	n/a	71	86	15.80	Green = 95-100%, Amber = 90-94.9%, Red = below 90%	

# Service Delivery Report

## September 2019

DEBT	Volume of overpayments invoices			→	Volume of new member overpayments invoices raised during the current month	n/a	6	6	0	Green = Less than 10, Amber 10-20, Red = 21 plus
	Value of overpayment invoices			↗	Value of new member overpayments invoices raised during the current month	n/a	4,261	2,607	-1,654	Green = less than £2.5k, Amber £2.5k - £5k, Red = £5k plus
	Volume of outstanding overpayment invoices			→	Volume of all outstanding member overpayment invoices as at the month-end	n/a	153	161	8	Green = less than 250 cases, Amber = 250-500 cases, Red = 500 cases plus
	Value of outstanding overpayment invoices			→	Value of all outstanding member overpayment invoices as at the month-end	n/a	178,813	173,765	-5,048	Green = Less than £250k, Amber = £250k - £500k, Red = £500k plus
	Volume of employer strain invoices			→	Volume of new employer strain invoices raised during the current month	n/a	5	1	-4	Green = Less than 10, Amber 10-20, Red = 21 plus
	Value of employer strain invoices			→	Value of new employer strain invoices raised during the current month	n/a	44,411	47,476	3,065	Green = Less than £100k, Amber £100k-£200k, Red = £200k plus
	Volume of outstanding strain invoices			→	Volume of all outstanding employer strain invoices as at the month-end	n/a	47	47	0	Green = less than 20, Amber = 20-50, Red = 51 plus
	Value of outstanding strain invoices			→	Value of all outstanding employer strain invoices as at the month-end	n/a	798,001	843,599	45,598	Green = Less than £400k, Amber £400k-£1m, Red = £1m plus

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

## 7.2 Finance and Payroll Executive Summary

Headlines	
1	Finance dashboard features one red flag measure in relation to member coverage which falls slightly below the 90% threshold for an amber rating
2	The submission of new contribution breakdown forms has improved from 86% of the employer population to 95% this month
3	Work continues to resolve valuation queries and close down remaining audit actions in liaison with LB of Barnet colleagues

<b>ACCOUNTS – Reconciliations</b>	
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The integra journal for September (fed by the general ledger postings download from AcLink) is on course to be submitted by the working day ten deadline at the time of writing. The bank account reconciliation is completed as part of this exercise and the control account reconciliations are also on schedule to be completed by working day ten.

The monthly cashflow tracker hasn't highlighted any issues and monies have been defunded back to Barnet as appropriate. It remains prudent to agree a formal balance 'float' amount with Barnet for completeness.

<b>ACCOUNTS – Audit</b>	
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Cashflow Tri-annual valuation – Finance continue to liaise with Operations, Barnet and the Actuary (Hymans) to review and respond to the remaining queries raised as a matter of urgency.

Internal audit actions position – Further updates have been provided this month. Further progress has been made with establishing that employers are paying at the correct rates (complicated as reported last month by some paying deficit contributions in with monthly contributions). Evidence has been provided to the LB of Barnet internal audit team to illustrate the work done, the current position and July's retrospectively.

This section will remain at an amber rating – at least- until all issues are fully resolved and formally closed.

<b>PAYROLL – Performance across key measures</b>	
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There were no issues to report in respect of payroll this month with minimal rejected payments reported.

<b>CONTRIBUTIONS – Late &amp; Outstanding payers</b>	
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As previously reported Green Sky Cleaning, following the take over by Atlas Cleaning, remains the only employer with prior and current month outstanding contributions to the scheme per annex LBB-01. Additionally Absolutely Catering – St James and Menorah Foundation School failed to pay their August contributions and these remain outstanding at the month-end.

There were no late paying employers this month under annex LBB-02.



### CONTRIBUTIONS – Missing Breakdown Forms

Annex LBB-03 reported no employers for failure to submit key data within the forms received but LBB-04 highlights four employers where contribution form data is outstanding in its entirety. As a result this has been reported as outstanding under the LBB-03 related dashboard measure as seen on row 27.

The four employers are Absolutely Catering – St James, Barnet Homes, LB of Barnet and Your Choice Barnet. A new interface report is being developed by Capita HR solutions to resolve the latter three employers permanently, in the meantime the outstanding current reports have been promised by Friday 18<sup>th</sup> October.

Data coverage – The finance dashboard reported 95% of employers submitting a new form (green) and 86% of the membership covered (red). The latter will be resolved once the HR Solutions reports are received.

### CONTRIBUTIONS – Analytics Review inc. tolerance breaches

Annex LBB-05 reported for a second month against the reduced tolerance of 10%.

Following reporting of 6 employers last month this month saw the volume of current month employers stand at 9. Reminders, escalated where appropriate, will now be issued to all employers following finalisation of this report.

The 'prior months unresolved' section features four employers, up from three last month. Two have been escalated to Barnet once again, Grasvenor School and Sancroft Community, having been referred last month also.

### CONTRIBUTIONS – The Pensions Regulator Breach Reporting

Following submission of the month-end contributions reporting Capita highlighted two potentially reportable items for Barnet to consider and a further four items that require close monitoring through to resolution.

The two potentially reportable items relate to two employers, Grasvenor Avenue School (academy) and Sancroft Community as referenced in the above section.

The four items to closely monitor are in respect of Absolutely Catering – St James and three linked to Capita HR Solutions - Barnet Homes, Your Choice and LB of Barnet. The outstanding returns for August and September in respect HR Solutions are expected by Friday 18<sup>th</sup> October.

### DEBT – Member Overpayments

Six new overpayments (relating to death cases) were raised during September worth £2.6k. The outstanding balance at the month-end was £174k (down by £5k from £179k last month) consisting of 161 invoices (up from 157).

The September debtors listing, consisting of member overpayments and strain invoices, will be supplied to Barnet by working day seven.

The meeting series for a regular monthly debt KIT will be issued in early October.

### DEBT – Employer Strain Costs

One new strain invoice was raised this month totalling £47.5k. The current volume of outstanding invoices is 47 worth £844k. The Finance team continue to liaise with Operations and Barnet to review cases and refer for write-off, etc as necessary.

The monthly debt KIT's will include review of the strain invoices position.

### PROJECTS – Innovations & IT Developments

Following a number of enhancements being embedded last month work continues on the remaining items -

- Liaise with Capita HR Solutions at both Carlisle and Belfast to assist them in developing a new interface file which contains all contributions, service and salary data.
- Work continues to establish that all employers are paying at the correct monthly and deficit contributions rates.
- Regarding the latter, we continue to engage with those employers who haven't yet paid deficit contributions to establish when payment can be expected.

### PEOPLE MANAGEMENT

September saw the team again working at full strength and progress continuing. Relationships with employers continue to be built and support given to assist them with meeting their obligations. Regular monthly KIT calls have been arranged with Capita HR Solutions to discuss any individual cases and processes requiring attention.

Quarter three appraisals for staff are due this month.

### FORWARD LOOK

The main Finance and Payroll priorities during October are:

- Liaise with operations, Barnet and Hymans to resolve remaining valuation related queries.
- Continue to monitor Capita HR Solutions progress regarding development of an interface file that covers contributions and service/salary in one return.
- Further enhance debt reporting MI including the introduction of graphs and tables once three months data available.
- Provide further updates on Barnet internal audit actions to close down.
- Liaise with employers to resolve any remaining deficit contributions queries and escalate as appropriate.

## 8 Appendices

### Appendix 1

**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>	9	0	0	0	0	3	0	1	0	0	0	0
<i>Enquiries</i>	132	1	1	5	0	23	0	17	0	5	0	0
<i>Request for Estimate of Benefits</i>	94	19	25	24	3	32	0	16	0	6	0	1
<i>Leavers</i>	171	161	92	126	63	289	11	232	4	38	0	11
<i>New Starters</i>	4	1	0	3	0	7	0	0	0	31	0	1
<i>Retirements</i>	16	94	2	40	2	25	1	14	0	13	0	13
<i>Transfers In</i>	13	10	7	14	9	40	0	21	4	8	0	4
<i>Transfers Out</i>	6	9	4	3	4	16	0	6	0	0	0	1
<i>Bereavements</i>	26	37	8	17	0	24	1	22	0	38	0	50
<i>Other</i>	294	174	88	73	24	139	5	88	1	54	1	71
<b>Total</b>	<b>765</b>	<b>506</b>	<b>227</b>	<b>305</b>	<b>105</b>	<b>598</b>	<b>18</b>	<b>417</b>	<b>9</b>	<b>193</b>	<b>1</b>	<b>152</b>

Service Delivery Report  
September 2019

Appendix 2

Strain costs for 2018/19

Surname	Invoice to:	DoR	In Payt	Actual Strain £	Comments	Finance Use		
						Invoice date	Invoice no	Date paid
Murphy		13/05/2018	31/08/2018	15723.69		23/08/2018	8396	05/03/2019
Martin		13/05/2018	N		Await salary info			
Antoniou	Hendon School / EPM	13/05/2018	Y	30759.83		26/11/2018	8410	
Hickin	St Michael's Catholic	31/08/2018	Y	8596.61		26/11/2018	8401	19/02/2019
Williams	St Michael's Catholic	31/08/2018	Y	94648.64		26/11/2018	8402	19/02/2019
Boyne	St Michael's Catholic	31/08/2018	Y	5036.20		26/11/2018	8400	19/02/2019
Gordon	Capita CSG	01/04/2018	Y	70207.98		26/11/2018	8411	
Rowe	Capita CSG	31/05/2018	Y	5628.56		26/11/2018	8412	
Khojasteh	St Paul's C of E	31/08/2018	Y	1231.48		26/11/2018	8413	
Cosser	CES - St Paul's C of E	31/08/2018	Y	12202.53		26/11/2018	8406	
Brain	Colindale Primary	31/08/2018	Y	28926.43		26/11/2018	8407	
Kingham	CES - Woodcroft Primary	31/08/2018	Y	1368.64		26/11/2018	8409	
Cahill	CES - Woodcroft Primary	31/08/2018	Y	424.37		26/11/2018	8408	
Armstrong	LBB - N11 1NP	30/04/2018	Y	20249.07		26/11/2018	8404	03/05/2019
Jarrett	MSEX UNIV	31/07/2018	Y	31374.43		06/06/2019	8430	
Desborough	MSEX UNIV	16/11/2018	Y	32070.28		11/02/2019	8420	
Bone	MSEX UNIV	30/06/2018	Y	58855.42		13/08/2018	8395	24/08/2018
Lynch	MSEX UNIV	30/06/2018	Y	3030.56		18/07/2019	8435	

Service Delivery Report  
September 2019

Strain cost 2019/20

Surname	Employer	Invoice to:	DoR	Date Options Sent	Date Pension Paid	Actual Strain £	Comment	Invoice date	Invoice no	Date paid
Johnson	Barnet Council	Barnet Council	01/04/2019	25/04/2019	04/06/2019	13102.16		10/06/2019	8431	
Alecou	Frith Manor primary	Frith Manor Primary	31/05/2019	12/06/2019						
Thakker	St Marys CE Primary	St Marys CE Primary	22/04/2019	14/06/2019						
Parekh	St Marys CE Primary	St Marys CE Primary	22/04/2019	17/06/2019	08/08/2019	1878.61		19/08/2019	8441	
Julie	St Marys CE Primary	St Marys CE Primary	22/04/2019	19/06/2019						
Redmond	Barnet Council	Barnet Council	10/06/2019	23/04/2019	28/06/2019	58682.73		01/07/2019	8432	
Anne	Middlesex Uni	Middlesex Uni	15/03/2019	12/04/2019	14/05/2019	3030.56		18/07/2019	8435	
Laws	Capita CSG	Capita CSG	22/06/2017	06/07/2017	24/07/2017	2628.22		19/08/2019	8440	
Yogaratnam	St Josephs	St Josephs	31/08/2019	15/08/2019						
Haran	St Catherines	St Catherines	31/08/2019	16/08/2019						
Oestreicher	Hollickwood	Hollickwood	31/08/2019	21/08/2019						
Bindon	Hollickwood	Hollickwood	31/08/2019	21/08/2019						
Lee	Middlesex Uni	Middlesex Uni	31/07/2019	09/09/2019						
Wallen	Middlesex Uni	Middlesex Uni	31/07/2019	09/09/2019						
Elston	Middlesex Uni	Middlesex Uni	31/08/2019	09/09/2019						
Boddington	Middlesex Uni	Middlesex Uni	31/07/2019	09/09/2019						
Chauguley	St Marys & St Johns	St Marys & St Johns	31/08/2019	16/09/2019						
Harrison-Wright	Barnet Homes	Barnet Homes	30/04/2019	17/05/2019	12/08/2019	47476.52		26/09/2019	8446	
Clay	Middlesex Uni	Middlesex Uni	31/07/2019	06/08/2019	25/09/2019	2965.52				

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