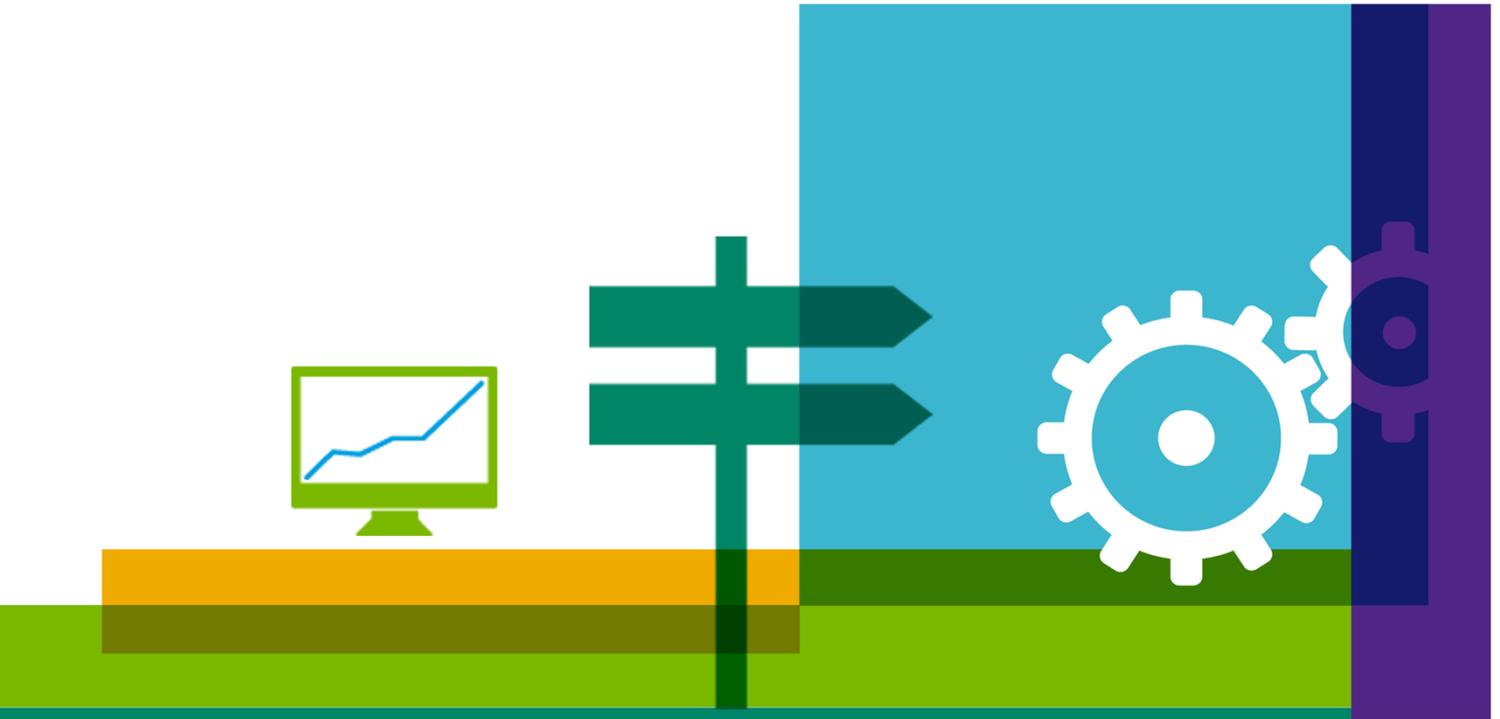


# CAPITA



## **Report to the Local Pension Board 1st August 2017 – 31st October 2017**

London Borough of Barnet Pension Fund

4th November 2017

## Executive Summary

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

During an extremely challenging period, we have been able to achieve an overall performance level of 94.29% against the newly adopted performance targets.

Since the last Local Pension Board, and in response to concerns raised by London Borough of Barnet officers, a Service Improvement Plan (SIP) has been established. The plan seeks to address issues with scheme administration in relation to timeliness, quality and accuracy of data, information and customer experience.

In addition to the focus on the Annual Benefit Statement exercise, Capita has been able to progress all items on the Scheme Calendar in accordance with the deadlines. Similarly, all activities on the Service Improvement Plan are progressing in accordance with the agreed deadlines too.

In order to bring increased transparency to the service, separate meetings have been set up with the Council and the Union to discuss and resolve the administration of the Fund and any associated issues.

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## Performance Summary

### Performance Statistics for period 1<sup>st</sup> August to 31<sup>st</sup> October 2017.

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

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

**Table 1**

<b>Table 1: Overall Summary</b>	
<b>Case Group / Category</b>	<b>Volumes</b>
<i>All work outstanding at the beginning of the period</i>	<b>2517</b>
<i>Cases received in the period</i>	<b>3341</b>
<i>Cases completed in the period</i>	<b>2662</b>
<i>Cases re-categorised during the period</i>	<b>544</b>
<b><i>All work outstanding at the end of the period</i></b>	<b>2652</b>
<i>Number of outstanding cases awaiting 3rd party information</i>	<b>1736</b>
<i>Number of workable items</i>	<b>916</b>
<b>Total</b>	<b>2652</b>
<i>Cases completed within standard LGPS targets</i>	<b>2510</b>

Capita is pleased to report that of the **2662** cases completed in the period, **2510** were completed within target which represents overall SLA compliance of **94.29%**.

This represents a slight dip in performance compared to the previous quarter (96.44%), which is not uncommon in this period considering the increase in enquiries generated following the distribution of the annual benefit statements in August.

During September, we experienced a 50% increase in telephone enquiries compared to usual call volumes. These calls do not, necessarily, relate to details included on the benefit statements but the receipt of pension related information often prompts a secondary enquiry from a member and it is our experience across all schemes that this leads to an increase in work volumes in September. The recent restructuring of the team will help us deal with expected increases in work more effectively moving forward.

It has also been noted that, since the majority of these enquiries are handled on a “one and done” basis, this increased workload is not necessarily reflected in the statistics quoted above. In order to provide a wider appreciation of the demand of the service, future reports will include reference to call volumes and call handling performance.

## **Service Improvement Plan**

Capita has drawn up a detailed Service Rectification Plan to address specific concerns raised by the Council emphasising the need to bring:

- Increased transparency to the service
- Improved quality of service to members and employers
- Improved confidence in the service

The Pension team has made continued strong progress in delivery against planned activities

- Initial results of Common Data tests have been issued and follow up recommendations shared with the Council
- Recommended scope for Conditional Data tests shared and scheme data validated against the “Brain” portal
- High level Communication Strategy shared
- Continued monthly and quarterly reporting developed in line with Council requirements

Capita are committed to delivering on the agreed actions and additional management resource is helping the focus. In addition, regular meetings are being held with Union representatives to identify any issues and provide resolution and agree ongoing communication channels.

## **Union Meeting**

Together with the new LBB SRO, Capita representatives met with the Union to discuss the issues that they had raised.

Clarification was provided in relation to the following items:

*Pensionable Pay / Final Salary Data* – Capita were able to confirm that all salary and service information for retirement transaction was validated at the point of retirement through direct access to Capita payroll systems to ensure accurate pay data is used in the calculation of retirement settlements.

*CPI Revaluation included in CARE projections* – Capita explained that we had reviewed individual calculations and could confirm that CPI had been applied to CARE elements. We believe that this was due to a presentational issue and we will look to provide clearer information in a standard template moving forward

*Time taken to produce calculations* – Standard LGPS turnaround times were adopted at the last Local Pension Board. Performance against these targets will be reported on a monthly and quarterly basis moving forward.

It was agreed that future meetings would be worthwhile and these will be scheduled accordingly.

## Performance Breakdown

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

**Table 2**

Case Group	Start	Received	Completed	Terminated	Carried F/Ward	Completed Within Target	SLA %	RAG
<i>Change of details</i>	27	180	167	9	31	162	97.01%	GREEN
<i>Enquiries</i>	109	710	566	99	154	549	97.00%	GREEN
<i>Request for Estimate of Benefits</i>	80	220	156	30	114	148	94.87%	GREEN
<i>Leavers</i>	558	138	63	33	600	50	79.37%	RED
<i>New Starters</i>	211	103	83	9	222	71	85.54%	AMBER
<i>Retirements</i>	100	98	58	18	122	39	67.24%	RED
<i>Transfers In</i>	54	8	3	13	46	2	66.67%	RED
<i>Transfers Out</i>	13	21	8	1	25	7	87.50%	AMBER
<i>Bereavements</i>	109	55	46	5	113	38	82.61%	AMBER
<i>Other</i>	1256	1808	1512	327	1225	1444	95.50%	GREEN
<b>Total</b>	<b>2517</b>	<b>3341</b>	<b>2662</b>	<b>544</b>	<b>2652</b>	<b>2510</b>	<b>94.29%</b>	<b>AMBER</b>

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

For the purposes of SLA reporting moving forward, we have introduced a RAG rating based on the following levels of compliance:

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

Ultimately, our aim is to improve overall SLA compliance to be over 95% at all times, hence we have shown this as **AMBER** for the purpose of this report.

Focus during the next quarter will be to move all red and amber categories closer to green status. Currently performance in these areas is being distorted by efforts to clear older casework. As these cases flush through the system they inevitably impact reported performance levels. We expect this to continue during the next quarter with demonstrable improvements becoming more visible thereafter.

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

## Quality

Following a review of the content of the monthly and quarterly reports, it has been acknowledged that greater emphasis should be placed on the quality of the information provided to the members and other stakeholders.

It is clear from recent feedback that greater transparency over the accuracy of the information provided is required. This was further emphasised from the feedback recently received from the Union. It should be noted that the pension administration team rely on accurate information being provided to enable an effective administration service. In some instances incorrect pension benefits information has been provided to members as a result of inaccurate pensionable earnings information being provided by payroll service providers. In order to minimise such errors occurring the pensions team have now been given direct access to payroll databases (where the payroll is run by Capita) and additional checks have been put in place as described below.

Capita uses a specific workflow tool within our administration system to manage the allocation and measurement of work against the adopted SLA's. This system also includes an accuracy monitoring tool that reports on the quality of work produced by the individual administrators to aid their personal development and training. It is proposed therefore that future reports will include a section on quality based on the MI available from this system. This quality section will also consider the accuracy of pensionable earnings details provided by payroll providers to highlight any issues with the source data.

When processing individual member transactions, our processes and systems require a second user to check and authorise the accuracy of the work produced. Essentially, our systems maintain a record of whether the individual case passed the authorisation checks, was referred back to the administrator for amendment or was amended by the checker prior to completion. At present, the system reports at individual administrator level as opposed to scheme level, therefore we need to complete additional development to produce scheme level analysis. This is underway and should be available for the next report.

It is our experience that an estimated 50 cases are referred back to administrators to "re-do" each month. Similarly, where there is a need to issue the case without delay, it is likely that the checker will make the appropriate amendment to allow the case to be processed. We estimate that this would amount to a further 20 cases per month. Based on an average volume of casework processed each month, this would equate to an overall quality mark of approximately **91.6%**. Our aim is to push this to over 95%.

We will review this achievement in comparison with the complaint data to identify whether any inaccuracies or quality issues are not being captured by our checking and authorisation controls and identify the actions taken to resolve these.

## 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**

*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
425	426	426	406	49	275	4	494	6	135	6	0

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

### Actions Required:

- Although it is not yet fully reflected in the numbers shown above, work has started on reviewing the outstanding work position. Starting with the oldest cases first, we aimed to have reviewed all cases over 18 months old by the end of September but progress has not been as quick as we expected. We have re-focused efforts in October and extended the review to include all cases over 12 months old. We have also drafted in additional management support to this initiative. We anticipate a much improved position before the end of the calendar year.
- As plans have progressed with the Data plan, our intention is that the review of the outstanding leaver cases will form part of the wider data improvement plan. The proposed Conditional data tests includes an analysis that is likely to support that many of these cases should be converted to “deferred” status and consequently any open casework relating to the leaver notifications can be closed down. .

## Administration Update

### National Fraud Initiative (NFI) Screening:

The Pension team is taking all appropriate action on bereavement cases notified via the NFI portal. In September, we received 10 death certificates for bereaved members and we are reviewing each case individually to ensure the appropriate action can be taken to process the case through to completion.

Further notifications are received for Barnet members who have taken up employment with a different Local Authority. In these circumstances, it may be necessary to adjust pensions in payment to ensure that the combined value of pension and salary in the new role does not exceed the previous salary of reference. These cases are being reviewed individually as information is received from the new employers.

### Additional Current Projects:

#### **GMP Reconciliation**

The Stage 1 GMP reconciliation report will be signed off in early November. It is anticipated that recommendations for Stage 2 activities that will support full reconciliation will be shared and discussed with the Council during November. Thereafter a plan will be devised mapping out the activities that need to take place prior to December 2018 that will facilitate the reconciliation of all contracted out liabilities.

Further progress will be included in future reports.

## Scheme Calendar Overview

Focus throughout August 2017 has been on the calculation, preparation and distribution of the Annual Benefit Statements by 31 August 2017. The activities undertaken in the period are shown in the table below:

	Type of Work	Activity	Req'd by	Status	Deadline achieved	Comment
1	Event	Child Review Report for 2017	31/08/2017	Ongoing		Children's pension review underway. Report identified 29 cases for review. Requests for confirmation of continued eligibility have been issued
2	Event	Issue active member annual benefit statements	31/08/2017	Complete		All annual benefit statements issued by the due date, where possible. Individual query cases currently under investigation and manual statements will be issued on resolution.
3	Event	Issue overseas pensioners life declarations	31/08/2017	Ongoing		Overseas pensioner review underway. Requests for confirmation of continued eligibility are being mailed on a staggered basis to manage the demand on the operation regarding associated queries and managing responses.
4	Request	Summer Accounts data to Hymans	31/08/2017	Complete		All data was provided to Actuary by due date. Subsequent queries were actioned in a timely manner.
5	Request	Submit GAD Cost Cap Valuation data	31/08/2017	Pending	n/a	No request received from GAD
6	Request	Liaise with GAD on Cost Cap Valuation outputs	30/09/2017	Pending	n/a	As 5 above
7	SIP	Common Data Analysis	30/09/2017	Complete		Common data analysis results have been shared with the client based on tPR's definition of new and legacy data. Further analysis requested based on the data created prior to and after Capita's appointment as administrator. This additional analysis should be available week commencing 16 <sup>th</sup> October
8	Event	Issue Pension Saving Statements to those who exceed Annual Allowance	06/10/2017	Complete		Pension Saving Statements issued to all members due to incur an additional tax charge by 6 <sup>th</sup> October
9	Event	Issue remaining Pension Saving Statements	31/10/2017	Complete		All remaining Pension Saving Statements are on track to be issued by 31 October 2017
10	SIP	Devise Conditional Data tests to LBOB	31/10/2017	Underway		Proposal for criteria of conditional tests shared with client. Awaiting date for approval
11	Event	Issue Annual Scheme Return to tPR	31/10/2017	Complete		All data returned to Finance team to allow the return to be completed
12	SIP	Analyse results of data loaded to Hymans Portal (the Brain)	31/10/2017	Complete		Data run against actuarial portal and results compared to proposed conditional tests. No additional data items identified for inclusion

## Complaints

The current status of the number of complaints received in the period is shown in the table below:

Member Ref.	Date Received	Details	Justified	Resolution	Status
Member E	7/8/17	Member claims to have not received answers to queries although there is no evidence of any queries being sent or received that have not been answered. A response issued on 09/05/17 contained an opting out form which has not been returned.	Y	The member's initial enquiry was made on 03/05/2017. Emails were sent to the member on 6 & 8 May requesting further information on each occasion. A full response was then provided on the 9 <sup>th</sup> , six days after the member's initial email. There is no record of any further correspondence until 20 July when the member accused us of ignoring her enquiries. It is possible that she did not get our email of 9 May or that she sent us a further enquiry which we did not receive. In any case, we did not reply to her email of 20 July until 9 August. Letter of apology issued with offer of gesture of goodwill for D&I.	Closed
Member F	24/8/17	Member complained as she has not received the response she was awaiting	Y	Full response provided with letter of apology for delay in responding and an offer for D&I	Closed
Member G	24/8/17	Member unhappy with delay in receiving CETV for divorce case. He has been made redundant and wishes to claim his pension. The PSO needs completing before we can calculate a CEV based on his pension.	Y	Case has taken over two years. Member has paid costs and is entitled to information	
Member H	6/9/17	Member unhappy with length of time taken to pay retirement benefits. A retirement case has now been set up to issue retirement options.	Y	Member left 31/12/16 and has not claimed benefits. Option forms reissued with an apology and an offer for any D&I	
Member I	20/9/17	Member requested information which we couldn't answer without obtaining details from her payroll provider. There has been a delay in obtaining the information we required because the contact we had no longer works at the payroll provider and we hadn't been informed. We now have a new contact and the relevant information has been requested again and the	N		

		member informed.			
Member J	28/9/17	Widow of member hasn't received forms that have been issued and has complained about delay. Case set up to reissue forms.	N		
Member K	30/10/17	Member claims to have not received retirement options despite giving 5 month notice of planned retirement on 19thSeptember	N	Documentation and final salary details provided by outsourced payroll provider were in complete and inaccurate. Pensions followed this up with payroll provider and issued pension options within 1 day of receiving the payroll details. Pensions have now established direct contact with member regarding his pension options in order to get these paid in accordance with his requirements	

## Appendix A

### Standard LGPS SLA Measures

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

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

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

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## Appendix 2

### Aged Breakdown of Outstanding Cases

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>	27	1	0	0	0	0	0	1	0	2	0	0
<i>Enquiries</i>	71	27	1	13	0	9	0	16	0	17	0	0
<i>Request for Estimate of Benefits</i>	32	41	2	11	2	15	1	10	0	0	0	0
<i>Leavers</i>	28	73	0	56	1	93	0	304	1	43	1	0
<i>New Starters</i>	19	2	13	161	0	5	0	18	0	4	0	0
<i>Retirements</i>	19	44	2	12	1	18	0	15	0	10	1	0
<i>Transfers In</i>	2	11	1	6	0	6	1	8	2	9	0	0
<i>Transfers Out</i>	6	10	0	4	0	5	0	0	0	0	0	0
<i>Bereavements</i>	9	29	0	12	3	22	0	18	0	18	2	0
<i>Other</i>	212	188	407	131	42	102	2	104	3	32	2	0
<b>Total</b>	<b>425</b>	<b>426</b>	<b>426</b>	<b>406</b>	<b>49</b>	<b>275</b>	<b>4</b>	<b>494</b>	<b>6</b>	<b>135</b>	<b>6</b>	<b>0</b>

## Appendix 3

### Glossary of Terms

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

## Appendix 4

### “Other” Category

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

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

HMRC tax code changes

HMRC enquiries

GMP notifications

GMP enquiries

Child pension reviews

Continued eligibility queries

New entrants

Pension abatement

DWP enquiries

Change in working hours

Maternity leave

Nomination enquiries

Change in nomination details

Processing original certificates

BACS rejects

Payment reissues

NFI processing

Pensionable service updates

Power of Attorney / Court order deductions