

are	 <p style="text-align: center;">Local pension Board 21st November 2018</p>
Title	Annual Benefit Statements
Report of	Director of Finance
Wards	n/a
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Scheme Return Policy
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Summary
This paper will set out how the London Borough of Barnet Council ('the Council') and Capita have been addressing the concerns of the Local Pension Board to improve the administration function.

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

1. BACKGROUND

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

2. WHAT HAPPENED

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

3. RESOLUTION

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

4. RECOMMENDATION

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

5. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

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

6. POST DECISION IMPLEMENTATION

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

7. IMPLICATIONS OF DECISION

7.1 Corporate Priorities and Performance

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

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

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

7.3 Social Value

7.4 None

7.5 Legal and Constitutional References

- 7.5.1 The LGPS Regulations 2013 place responsibility for the local administration of pensions and other benefits under these Regulations on the administering authority, which is LB Barnet. The Local Government Pension Scheme Regulations 2015 requires the Council to establish a Pension Board, whose role is to assist the Council in securing compliance with legislation, regulation and best practice, including as set out in the Pension Regulator's Code of Practice.

7.6 Risk Management

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

7.7 Equalities and Diversity

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

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

7.8 Consultation and Engagement

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

8. BACKGROUND PAPERS

8.1 The Pension Regulators Code of Practice

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

8.2 Local Pension Board, Terms of Reference:

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

8.3 Local Pension Board Meeting – 29 November 2018 meeting:

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