

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

London Borough of Barnet
2 Bristol Avenue
London NW9 4EW

Contact: Anisa Darr
E-mail: anisa.darr@barnet.gov.uk
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Dear Michael

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

Thank you for your letter of 4 October. I was pleased that your response noted the considerable efforts that have been, and continue to be, made to improve the administration of the Barnet Pension Fund.

The improvements in our internal controls and scrutiny of our out-sourced administration service continue to identify issues and areas where further improvement is required (these are set out below), and as set out in my letter of 29 August 2019, I am writing to provide you within an update of progress in a number of areas.

Annual Benefit Statements (ABS)

As reported, ABS were issued to all member due to receive one by the statutory deadline with the exception of 930 deferred members whose cases were in progress at the time of issue. In respect of the above, the cases have been completed in respect of 55 members and they have now received a letter confirming their deferred benefits. A further 315 members have open cases and are included in the non-actionable caseload total, and will be resolved by the end of January 2020 (please see the section below regarding the non-actionable caseload action plan).

This leaves a residual total of 560 from the original 930, for which a separate plan of action is still being developed.

With regard to the ABS that were issued, we are continuing to monitor and analyse feedback from members, and this process has already revealed a number of issues.

Following a query from a member regarding the lump sum shown on their ABS, an issue was identified regarding previously transferred in benefits, where the pension element had been picked up correctly but the lump sum element had not, resulting in the lump sum being understated on the ABS. This affected 54 members. Each have now received a corrected ABS. 704 ABS were produced manually and on review (post-issue) it was discovered that a failure in the "mail-merge" operation led to 634 statements showing incorrect data in the Lifetime Allowance (LTA) field and a further 70 had incorrect data in the Death In Service benefits field. All of the above have now been corrected and correct ABS reissued to the affected members.

Investigating feedback from members regarding their ABS has also revealed 39 cases (affecting 20 members) where Pensions Saving Statements (PSS) were not issued to members, in some cases dating back to the 2013-14 pension input period. A full review is being undertaken to identify if there are any other cases.

We are working actively with the affected members identified to date to rectify this error and have brought in independent advisors to assist with reviewing the missing information and advising on the tax implications for those members.

We recognise that the failure to issue PSS within the required timescale constitutes a breach of The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. Given that this issue affects a significant proportion of those members that were due to receive such information, we regard this to be a material breach of those regulations and I am therefore reporting this matter to you now.

Triennial valuation data

Whilst the member level data submitted to the actuary was much improved compared to that submitted at the last valuation, there remain several discrepancies between membership data and cashflow data at individual employer level that have yet to be resolved (this centres on a large number of unprocessed joiners and leavers) Both Capita and internal resources are focussing on resolving these queries as soon as possible but regrettably we are unable to report sign-off on the data from the actuary at this point in time.

Non-actionable caseload action plan

In my letter of 29 August 2019, I referred to our plans to reduce the caseload backlog. I am pleased to report that the actionable caseload is on track to be cleared by the end of December (the latest weekly monitoring report is attached at Appendix 1). We have also now put a plan in place to bring the currently non-actionable caseload into a workable state, with a view to the backlog as of 18 October (1685 cases) being cleared by the end of January 2020 (a copy of the plan is attached at Appendix 2).

Contributions monitoring

The revised contributions monitoring processes continue to be refined, with monitoring reports being received and reviewed on a monthly basis. We are seeing a very high level of compliance from employers with regard to timeliness of payment, timeliness in the submission of data and accuracy of payment, with any variances from the expected contribution rate, and variances in excess of 10% from the past 3 month running totals, being investigated and resolved.

Members with missing Normal Pension Age

As reported in my letter of 29 August 2019, there was an issue with 1880 deferred members whose Normal Pension Age (NPA) was incorrectly held on the administration system. Following further analysis, we have determined that 272 members had passed their NPA as at April 2019. Of these:

- 48 had the correct NPA of 65 years of age held on their records – so the communication needed to focus on the fact they should have taken their benefits and should have been prompted to do so. Of these, we do not hold up-to-date addresses for 3 members and will be using tracing services to locate them.

- 65 have passed their true NPA since the 2018 ABSs were issued – so the communication needed to focus on the fact that we have been holding an incorrect NPA on record and should have prompted them that their benefits are due to be taken.
- 159 had already passed their true NPA when 2018 ABSs were issued – so the communication needed to focus on the fact we have been holding an incorrect NPA on record, and that we incorrectly sent them an ABS when we should have prompted them that their benefits are due to be taken. Of these, we do not hold up-to-date addresses for 14 members and will be using tracing services to locate them.

With the exception of the 17 members whose addresses we need to trace, we have now written to the remaining 255 members.

The remainder of the population (1608 members who had yet to reach their NPA as at April 2019) we will be writing to them in January 2020 to apologise that their previous ABS contained the incorrect NPA and assure them that this has now been corrected (the ABS issued in August 2019 did contain the correct NPA). Any of these members that attain NPA in the meantime will have their benefits put into payment in accordance with established service levels.

I am disappointed that I am not able to report more substantive progress in some areas, and that I am once again in the position of having to report further service failings but please be assured that we continue to be fully committed to resolving the above outstanding issues as quickly as possible. This includes consideration of alternative service delivery options should the service not attain the levels that the members of the Barnet Pension Fund deserve.

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

Yours sincerely



Anisa Darr
Director of Finance

Enclosures

Appendix 1 – Weekly Backlog Report – 4-11-2019

Appendix 2 – Non Workable Clearance Plan