

	<p>Local Pension Board</p> <p>10 February 2020</p>
<p>Title</p>	<p>Capita Remediation Plan and Pensions Regulator Update</p>
<p>Report of</p>	<p>Director of Finance</p>
<p>Wards</p>	<p>N/A</p>
<p>Status</p>	<p>Public</p>
<p>Urgent</p>	<p>No</p>
<p>Key</p>	<p>No</p>
<p>Enclosures</p>	<p>Appendix 1 – Capita Remediation Plan Appendix 2 - Breach report</p>
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<p>Summary</p>	
<p>Further to 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, Barnet Pension Fund officers and Capita agreed a remediation plan. This paper updates the Board on progress against this plan and on the on-going communications with TPR.</p>	
<p>Recommendations</p>	
<p>The Pension Fund Committee is asked to note progress against the plan and the most recent correspondence with the Regulator.</p>	

1. WHY THIS REPORT IS NEEDED

- 1.1 On 25 July 2019, TPR issued LBB with an Improvement Notice, which stipulated improvements in three main areas by the 31 August 2019.
- 1.2 On 29 August, a response was sent to TPR, detailing how the Council had responded to the Notice (<https://barnet.moderngov.co.uk/mgAi.aspx?ID=29161#mgDocuments>).
- 1.3 On 4 October, TPR responded to the Council's submission.
- 1.4 Our response to The Pensions Regulator was generally well-received, with the Regulator making particular reference to the improvements in data quality and internal controls in several areas (notably in relation to contributions monitoring).
- 1.5 Based on the extent of the improvement and the limited amount of time available to complete the work required to comply with the Improvement Notice, TPR does not intend to take any further action against the pension fund in relation to the Improvement Notice.
- 1.6 As noted in TPR's letter, the Regulator has now published its Regulatory Intervention Report which can be found at <https://www.thepensionsregulator.gov.uk/en/document-library/enforcement-activity/regulatory-intervention-reports/london-borough-of-barnet-superannuation-fund-regulatory-intervention-report>
- 1.7 One of the key elements of our response to TPR was the inclusion of a remediation plan that was agreed between Capita and Barnet officers in August 2019.
- 1.8 Progress against plan has been subject to fortnightly monitoring and regular updating. Appendix 1 shows the progress against plan as at 8 January 2020.
- 1.9 As the report shows, many of the required actions have now been completed, and officers continue to work with Capita to ensure the remaining items are completed as soon as possible.
- 1.10 As noted in the last report to the Board, the Fund sent an update letter to TPR on 11 November 2019. Included in this letter was the disclosure of a failure to issue Pensions Savings Statements to a number of members over a number of years.
- 1.11 Subsequent to that letter, the Fund submitted a formal breach report to TPR on 25 November 2019 (Appendix 2). TPR responded to this submission on 11 December 2019, acknowledging the breach but indicating that they did not intend to take any further action against the fund at this time.

- 1.12 Work is on-going to review the extent to which this issue affects other scheme members. We hope to conclude this review by the end of February. However indicative results at this time do suggest that further members (in addition to the numbers those previously reported to TPR) are affected. Once the full extent of the affected scheme member population has been quantified, will be contacting TPR again with an update, as well as a more general update on the progress against the remediation plan and other on-going rectification work.

2. REASONS FOR RECOMMENDATIONS

- 2.1 This Board is requested to note progress against the plan and the most recent correspondence with the Regulator.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not applicable in the context of this report.

4. POST DECISION IMPLEMENTATION

- 4.1 The Council will continue to monitor progress against the remediation and update the Regulator as appropriate.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Local Pension Board supports the delivery of the Council's strategic objectives and priorities as expressed through the Council's new Corporate Plan, by assisting in maintaining the integrity of the Barnet 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 To the extent that there are financial costs arising with rectifying the situation of the failure to issue PSS to a number of members, these costs will be repaid by Capita.

5.3 Social Value

- 5.3.1 Not applicable in the context of this report.

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 the London Borough of Barnet. The Local Government (Amendment) (Governance) Pension Scheme Regulations 2015 inserts

regulation 106 into the Local Government Pension Scheme Regulations 2013 which 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 to ensure the effective and efficient governance and administration of the Scheme and any connected scheme.

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. Good governance is essential to managing the risks of the pension 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.

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

5.7 Corporate Parenting

5.7.1 Not applicable in the context of this report.

5.8 Consultation and Engagement

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

5.9 Insight

5.9.1 Not applicable in the context of this report.

6. BACKGROUND PAPERS

6.1 The following papers refer:

- <https://barnet.moderngov.co.uk/documents/b33473/Performance%20Report%20The%20Pensions%20Regulator%20Update%20report%2019th-Nov-2019%2018.30%20Local%20Pension%20Board.pdf?T=9>
 - <https://barnet.moderngov.co.uk/documents/s54970/Regulatory%20Intervention.pdf>
 - <https://barnet.moderngov.co.uk/documents/s56355/The%20Pensions%20Regulator%20Update.pdf>
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