

	<p>Local Pension Board</p> <p>25 June 2020</p>
Title	<p>Capita Remediation Plan and Pensions Regulator Update</p>
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	<p>Appendix 1 – Capita Remediation Plan Appendix 2 – Letter to TPR – May 2020</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 Board 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 This report is continuation of previous updates provided to the Board with regards to our response to The Pensions Regulator Improvement Notice, which was served on the Council in July 2019.
- 1.2 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.
- 1.3 Progress against plan has been subject to fortnightly monitoring and regular updating. Appendix 1 shows the progress against plan as at 8 June 2020.
- 1.4 As the report shows, the required actions have now been completed, subsumed into business as usual or are no longer required given the decision to transition the service from Capita to West Yorkshire Pension Fund (WYPF) (as communicated to the Board on 13 February).
- 1.5 As noted in the last report to the Board, the Fund sent an update letter to TPR on 11 November 2019. A further update letter was sent to TPR on 12 May 2020 (Appendix 2).
- 1.6 I am pleased to report that the latest update was well-received by the Regulator, eliciting the following response:

“It was good to get an update on the work being done by the Scheme Manager and confirmation of the Scheme Manager’s intentions regarding the change of administrator. I do not need to receive further updates on the matters we have already been told about but if any new breaches come to light please inform my colleagues in our Customer Support Team via our Exchange system.”
- 1.7 Work continues with Capita to ensure that the lessons learned from the work necessary to address the issues which gave rise to the Improvement Notice are acted upon, particularly the 2020 ABS exercise, the 2020 Pensions Savings Statements exercise and the backlog reduction programme.
- 1.8 With regard to the latter, the Council has agreed to co-fund, with Capita, additional resources over the next 5 months to reduce the backlog of currently non-workable cases as much as possible in advance of the handover of the service to WYPF on 1 November 2020. This work is being monitored, alongside “business as usual”, on weekly basis and the extent of the project is reported in the administration performance report.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Not applicable in the context of this report.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Not applicable in the context of this report.

4. POST DECISION IMPLEMENTATION

4.1 Not applicable in the context of this report.

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 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 To the extent that there are financial costs arising with rectifying the situation of the failure to issue PSS to a number of members, this cost 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.

5.4.2 The scope of the role of the Pensions Board is set out in full in the Board's Terms of Reference. In summary the role is to assist:

- o securing compliance with LGPS Government regulations and any other legislation relating to the governance and administration of the LGPS
- o securing compliance with the requirements imposed in relation to the PGPS by the Pensions Regulator.

- o 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.

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 <https://barnet.moderngov.co.uk/documents/s57775/Capita%20Remediation%20Plan%20and%20Pensions%20Regulator%20Update.pdf>

6.2 <https://barnet.moderngov.co.uk/documents/s54970/Regulatory%20Intervention.pdf>