

The Pensions Regulator

Private and Confidential

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London Borough of Brent Pension Fund
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By email to Anna.Mccormack@brent.gov.uk
and post

29 November 2017

Case reference: C92391304

Dear Ms McCormack

London Borough of Brent Pension Fund (“the Scheme”)

I am writing further to the record keeping improvement plan sent to us on 6 November 2017 and our conference call held on 28 November.

As you are aware, the Regulator is placing greater focus on record keeping across all pension schemes, including public service schemes, in order to drive up the standards of record keeping and data maintenance. Therefore, the Regulator’s corporate plan for 2017-2020 includes record keeping as one of our corporate priorities and to measure this, we have a key performance indicator targeting 90% of public service schemes we engage with in respect of record keeping should have a robust plan in place.

Legal requirements

As you will be aware, under the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014, the Scheme Manager must keep records relating to member and beneficiary information, transactions and pension board meetings and decisions.

Scheme’s data

I understand the Scheme’s data issues mainly relate to the provision of active member information provided by employers via the interface which is inaccurate and has missing information such as salary information, missing service / contracted hours information, missing part time hours and salaries below a minimum wage.

I also note from the breach of law report submitted on 28 September 2017 there are other data issues such as corresponding pension administration records not held, incomplete CARE

events , missing CARE salary history, CARE benefit calculation issues, and up-to-date addresses not held.

I understand that historically it has been challenging for the Scheme Manager to receive accurate and complete end of year data from employers / payroll providers in sufficient time to produce annual benefit statements for relevant members (active, deferred, deferred pensioner and pension credit members), as required by legislation.

The information provided to the Regulator to date does not provide a sufficiently clear picture of the Scheme Manager's adherence to the above Regulations. As such, we enclose a proforma which we request you complete and return to ourselves by **5 January 2018** in respect of the Scheme's current position, alongside the record-keeping improvement plan requested below.

Record keeping improvement plan

It is our view that the record-keeping improvement plan provided does not meet the standards we expect as set out in our guidance; A quick guide to improving your data:

<http://www.thepensionsregulator.gov.uk/docs/improve-data-guide.pdf>

In particular, it does not clearly set out how the Scheme Manager intends to specifically address the data issues reported to the Regulator, or how you intend to improve the quality and timeliness of the information provided by the participating employers.

In addition, there is no reference made in the plan as to how and when the Scheme Manager intends to address the data issues in order to rectify the reported breach of providing 2016/17 annual benefit statements by the statutory deadline of 31 August 2017 within a reasonable and realistic timescale.

As outlined in our guidance, the elements we expect to see within an improvement plan are reiterated below:

- Clear objectives on how the Scheme Manager intends to achieve improvements in the Scheme's data. If there are multiple objectives, these should be set out in order of priority.
- Clear outcomes that will be achieved based on the above objectives, including how they will be measured and how long it will take to achieve them.
- Clearly set out scope of the improvement work including which data is included or not, membership types included, how far back your improvement will go.
- A breakdown of the activities your Scheme administrator will undertake on behalf of the Scheme Manager as part of the improvement plan, and for each activity please set out:
 - The issue to be addressed;
 - The methodology to be used, for example member address tracing, pensioner existence, research of company employment records;
 - Resource allocation – who, how many working hours / days it will take;
 - Any assumptions made, for example the number of records likely to need work, which members are covered and how any identified errors will be rectified;
 - Timescales and target dates;
 - How the Scheme Manager will know the task has been achieved (success criteria) given that the Scheme Manager retains responsibility for the monitoring and oversight of the administrator's activities.
- Dependencies - Identify any other work which might impact on data improvement work.

- The improvement plan must have a defined end date within a reasonable timeframe.
- Mapping work into a timeline helps with planning. Any timeline should clearly set out key milestones, reporting and decision points. It should also reflect the dependencies identified.
- Whether the data improvement work will be delivered as part of the ongoing 'business as usual' administration or as a separately managed project.
- Improvement plan should set out who will make decisions for example sign off on success criteria, or signing off on changes to the work (timeline, resources, budget).
- Set out how, to whom and when the Scheme administrator will report on progress, and include reporting to the Scheme Manager and other relevant parties for example, pension board, employers or members.

Expectations

We expect all scheme managers to maintain accurate records. Failure to do so can put the Scheme Manager at risk of failing to meet its legal obligations and we may take enforcement action where schemes are not meeting the standards we expect and are failing to demonstrate they are taking appropriate steps to improve their records.

As set out in the conference calls held on 28 November 2017 and 24 August 2017 and the correspondence dated 24 August 2017 and 18 September 2017, the Regulator requires the Scheme Manager to put in place a record keeping improvement plan to address the record keeping data issues in order for accurate records to be held by the Scheme.

Following our observations of the record-keeping plan provided (as outlined above), the Regulator expects the Scheme Manager to revisit this and put in place a robust record keeping improvement plan that includes how the Scheme Manager intends to address the data issues outlined above by **Friday 5 January 2018**.

If the Regulator considers the revised record-keeping improvement plan is not sufficiently robust to address the outstanding data issues the Regulator may consider whether it is appropriate to use any of our powers including, but not limited to, an improvement notice.

We recommend you share this letter with the Scheme's Pension Board to ensure that they are fully aware of the Regulator's expectations in regards to the Scheme's record- keeping and the steps the Scheme Manager is required to take to address this.

If you have any questions please let me know otherwise I look forward to hearing from you by **Friday 5 January 2018**.

Yours sincerely



Sarah Dove
Case Manager
Case Management
Frontline Regulation Directorate

Enclosed: Proforma for completion

Appendix

Please note that the information you provide in response to this request may be used by the Regulator for the purpose of exercising its functions. Pursuant to section 80 of the Pensions Act 2004, any person who knowingly or recklessly provides the Regulator with information which is false or misleading in a material particular in these circumstances is guilty of an offence.

Please note that information obtained by the Regulator may be "restricted" within the meaning of section 82 of the Pensions Act 2004. If so, the Regulator, and any person who receives the information directly or indirectly from the Regulator, is subject to the restrictions on its further use and disclosure set out in that section. Your attention is drawn in particular to the provisions of section 82(1) and 82(2) of the Pensions Act 2004. Onward disclosure of restricted information, other than in accordance with the Pensions Act 2004, is a criminal offence.

Information (including personal data) provided to the Regulator in response to this request may be used (including disclosing it to third parties) in connection with any of its functions or duties under the Pension Schemes Act 1993, Pensions Act 1995, the Pensions Act 2004, the Pensions Act 2008 or any other enactment which confers functions or duties upon the Regulator.

The Regulator is a data controller for the purposes of the Data Protection Act 1998 ("DPA"). We hold and process personal data in accordance with the principles set out in the DPA in carrying out our statutory functions/duties. Please ensure you have the necessary authorisation/permission to disclose to the Regulator personal data of other individuals or persons.