

# The Pensions Regulator

## Private & Confidential

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Superannuation Fund  
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31 October 2017

Dear Ms Darr

## Local Government Pension Scheme – London Borough of Barnet Superannuation Scheme

Further to my email dated 13 October 2017, the Regulator has considered the information you provided on 29 September 2017.

### The Regulator's objectives

High standards of record keeping by Scheme Managers of Public Service Pension Schemes is very important to the Regulator and it has incorporated driving up the standards of record keeping across the sector into its corporate priorities for 2017-20.

In particular, the Regulator requires Schemes it has engaged with which would benefit from a robust record keeping improvement plan to have one in place by 31 March 2018.

With regard to the London Borough of Barnet Superannuation Scheme ("the Scheme"), the Regulator is seeking to:-

- Understand the administrative and governance position of the Scheme immediately before work commenced to make improvements to record keeping and internal controls. This is so the Regulator can assess how successful the changes are and whether they are sufficient
- Ensure the Scheme Manager is introducing robust and measurable changes to the administration and governance of the Scheme, including its policies and procedures, which both promote improvements in the standard of record keeping and allow the standard to be monitored
- Ensure the changes being introduced are implemented effectively and embedded successfully, resulting in the improved administration and governance of the Scheme and better member outcomes than have previously been achieved

The Regulator is keen for these changes to be made as soon as possible, without sacrificing the quality of the work being done. It is seeking to be satisfied that the Scheme Manager is on track to deliver the changes by 31 March 2018 with sufficient, clear, evidence of this to be provided to TPR no later than 31 December 2017.

### **Information requested by the Regulator on 31 October 2017**

#### *The initial position*

The Regulator will not be able to determine whether it is satisfied that the Scheme Manager is making suitable changes to the governance and administration of the Scheme without having a good understanding of the position before the change programme began. This knowledge will also allow the Regulator to identify whether the root causes of the issues encountered by the Scheme Manager have been identified and understood, allowing them to be effectively overcome by the Scheme Manager.

Whilst I appreciate you have provided answers to a number of questions from the Regulator, please would you arrange for the Scheme Manager to:

- Confirm when the last assessment of the governance and administration risks to the Scheme was carried out prior to August 2017 and specify when and where this was published
- Provide a copy of the Risk Register which covered administration and governance risks prior to August 2017
- Inform the Regulator what administration and governance information was provided to the Pension Board in the year immediately prior to April 2017, providing copies of the same, and explain who was responsible for sharing the information with the Pension Board
- Provide the details behind the “administrative oversight” which led to a breach of law report for the failure to provide members with Annual Benefit Statements by 31 August 2016 not being provided to the Regulator until February 2017. Please also detail the reporting process, including details of the Scheme Manager’s oversight, and the reasons the process was not followed
- Detail the arrangements in place with Capita and/or Scheme Employers prior to July 2017 to ensure good quality data was received and recorded. Please provide a copy of the contract(s) or similar which refers
- Confirm the precise date in 2016 when the Data Portal was first introduced and used
- Provide the Regulator with a copy of the Fund Administration Strategy which was in place prior to the one approved by the Pension Board on 11 September 2017
- Provide the Regulator with a copy of the ‘Work Programme’ referred to in the Pension Board minutes of 7 November 2016 and 25 January 2017, if not the one dated August 2017 – April 2018

#### *The position moving forward*

In addition to understanding the existing Scheme administration and governance standards, the Regulator is also seeking to better understand the changes that are being made to processes already in place.

Following on from the information the Scheme Manager has already provided, please would you arrange for the Scheme Manager to:-

- Confirm who – both name and role – is present for the quarterly governance meetings referred to in the current risk register as part of risk PB003. Please also provide the terms of reference for this body and details as to how it interacts with the Pension Board and/or the Pension Fund Committee
- Provide minutes from the quarterly governance meetings for the past 12 months, or since the meetings began if less than 12 months
- Confirm who is responsible for providing reports from the quarterly governance meetings to the Pension Fund Committee and/or the Pension Board, and whether that is detailed in a terms of reference for the meetings. If so, please provide a copy of the same
- Detail when the monthly performance reports were first created, who is responsible for creating them and what action has been taken as result of the findings in the report
- Provide a copy of the monthly performance reports for the last 12 months, or since they were first created if less than 12 months ago
- Confirm how the Quarterly Service Pension Service Meeting's review of the interaction between the Pension Board and Pension Fund Committee came into being; when the review commenced; the progress made to date; and the timeline for implementing any recommended actions, providing copies of relevant documentation
- Clarify when the new generic mailbox will be established and, aside from the Regulator, who will be informed of its existence and, if not clear, what other purpose(s) it will be used for
- Provide a specific timeline of when changes in relation to the Scheme Return were implemented and by whom
- Explain who is responsible for informing the Pension Board that the Scheme Return has been completed and how will this be done
- Detail, in relation to the "administrative oversight" which led to the delay in informing the Regulator about the failure to issue Annual Benefit Statements on time in 2016, what changes have been made to the pre-existing process (if there was one) to prevent a re-occurrence of this issue
- Confirm that the Assistant Chief Executive currently has day-to-day oversight of the Capita contract and detail how this oversight operates in practice. Please also say when this will change, as it appears to be an interim measure, and how this requirement of the new role will be captured when it becomes a permanent solution
- Tell the Regulator when the annual data improvement programme started and detail how it is different from the plans/procedures previously in place
- Provide details of contractual and / or personnel changes which have been introduced alongside the data improvement programme and are designed to support the associated work
- Provide a copy of the Service Improvement Plan, included agreed amendments
- Explain who is responsible for preparing the robust record keeping improvement plan and the timelines for its creation and introduction, which will ensure it is in place by 31 March 2018.

#### *Pension Board knowledge and understanding*

In your previous letter you explained that the Pension Board had received some training but it appears this, at least in part, took place before the Pension Board members changed. To help clarify the Regulator's understanding of the training that has been, and will be, provided to the Pension Board, please would you arrange for the Scheme Manager to:-

- Provide a copy of the training programme for the Barnett Waddingham seminar(s)
- Provide a copy of the training programme provided by CSG and Capita

- Confirm which members of the Pension Board have completed the Regulator's Public Service Toolkit; how this is being monitored by the Scheme Manager; and, where the Toolkit has not been completed, detail the steps being taken to ensure Pension Board members undertake this training
- Provide details of the future training referred to in your letter of 29 September 2017; including the course material; the dates it will be delivered; and the intended supplier
- Clarify whether a training policy is in place to ensure the Pension Board meets the legal requirement to have sufficient knowledge and understanding on an ongoing basis (for both existing and new members) and, if so, provide this document.

### **Next steps**

The Regulator looks forward to hearing from you in relation to these queries and providing an update on the development of a record keeping improvement plan by 21 November 2017. Once this information is received and reviewed, the Regulator will be able to determine whether further information, beyond the finalised record keeping improvement plan, is required.

In any event it is highly likely the Regulator will continue to engage with you about the development and embedding of the new internal controls and record keeping standards in the near future.

Should the Regulator not be satisfied that the Scheme Manager is introducing sufficient governance and administration changes and a robust record keeping improvement plan by the timescales referred to in this letter, it may seek to use its regulatory powers including, but not limited to, an improvement notice.

Yours sincerely



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## 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.

