

The Pension Regulator's consultation document on "Record-keeping"

A response by

The National Association of Pension Funds

October 2008

Introduction

1. The NAPF is the leading voice of workplace pensions in the UK, with over 1300 members, between them providing pensions to over 10 million working people. NAPF Member schemes hold assets of some £800bn.
2. The NAPF welcomes the opportunity to respond to the consultation by the Pensions Regulator (TPR). We see this initiative as being both timely and valuable not only for the pensions industry but also for individuals holding and accruing benefits within pension schemes.

NAPF Comments

3. The NAPF believes that nearly all trustees would benefit from reading the two papers, which serve as a comprehensive introduction to the importance of record-keeping. For those somewhat removed from the day-to-day running of a scheme – trustees or sponsoring employers – the consultation provides a timely reminder of how complex member records can be and of how important it is for administrators to have the most accurate data possible.
4. The NAPF endorses the proposals set out in Chapter 5 of the main document, although the distinction between core data and additional scheme-specific data is, we believe, only useful at the initial stage of identifying data to be measured. Once identified for any particular scheme, the total set of data becomes 'core data', or essential data, for that scheme. The distinction for reporting purposes is likely to be an artificial one and might serve only to add unnecessary complexity for trustees to the reporting process.
5. We believe that to those already achieving high standards of administration, the proposed requirements to report on scheme data, including numerical information, should require only a small extension or variation of what they already provide to scheme trustees.
6. The NAPF recognises that the existence of data does not necessarily guarantee the quality of that data. We therefore see sense in TPR's willingness to possibly revisit this initial framework at a later date. We welcome the Regulator's plans to continue to visit providers, administrators and advisers to give support and to further understand record-keeping problems being encountered.
7. We also support the suggestion that TPR will supplement its existing guidance and consider including administration in its own right in the syllabus for trustee knowledge and understanding. And we welcome the stated intention to engage with software suppliers, the Institute of Payroll Professionals and the audit profession to best help those charged with measuring and improving record-keeping.

8. NAPF members have confirmed the Regulator's suggestion that the biggest data problems occur in the context of legacy schemes. We have heard experience of records being discarded on changes of administrator, bulk transfer and scheme mergers. Therefore, on a precautionary note, we urge TPR to be sympathetic to trustees who have legacy data problems which are clearly beyond their control.
9. We also hope that TPR, when assessing trustees' approaches to measuring and reporting data, remembers that the costs involved where records are not yet computerised may need to be justified by a 'business case' – as will the filling of data gaps for many schemes. Whilst we agree that trustees have a responsibility to maintain data records as accurately as is reasonably possible, in practice there will also be a need for them to recognise the law of diminishing returns when assessing data needs.
10. In looking at the future development of its administration focus, we recommend that TPR considers two areas. Firstly, the consultation paper is silent on the subject of retaining pension records and we believe that trustees would welcome guidance here. Secondly, in cases of data shortfall, trustees might be encouraged to expect a data recovery plan from their administrators – just as a scheme funding recovery plan is required of trustees where they disclose a funding shortfall.
11. Finally, perhaps outside the aims of this particular consultation but in areas where TPR might be able to exert some influence, we believe that good record-keeping is more than just an internal process. Our members have suggested that it could be made significantly easier for many if, for example, the registrar of deaths held national insurance numbers, or online access to DWP's tracing service database could be developed, or all accrued GMP amounts could be determined and certified in a one-off, admittedly very large, exercise.

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