

Pensions Committee

21 June 2017

Report title	Data quality and employer performance – quarterly update	
Originating service	Pensions	
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Recommendations for noting:

The Committee is asked to note:

1. The progress and the actions being taken to continue to improve data quality
2. The performance of employers against key standards set out in the Pension Administration Strategy (PAS)
3. The progress and implementation of the monthly returns programme with scheme employers.

1.0 Purpose

- 1.1 To provide an update to Pensions Committee on the progress being made by the Fund to continue to improve data quality, summarise the plans in place to make further improvements to data quality and to report the performance of employers against key performance standards as detailed in the Pension Administration Strategy (PAS).

2.0 Background

- 2.1 The Fund has always placed the retention of good quality data high on its list of priorities, however the importance has heightened more recently following greater scrutiny from the Pensions Regulator together with the forthcoming changes in Data Protection legislation.

- 2.2 A summary of the activity undertaken by the Fund to identify and act on poor data quality is listed below:

- comparison of data record keeping against the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014
- application of charges/re-charges on employers to reflect late receipt of annual return files and poor quality of data
- review of annual return errors and issue of analysis to employers
- regular engagement with district councils in regards to outstanding data items and production of action plans where required
- independent high level review of the work carried out by the Fund
- Data mapping exercise in readiness for tighter controls under the General Data Protection Regulations
- Review of the Fund's processes for deferred member data and the use of tracing services
- Procurement of microfiche scanning and review of the digitisation process.

- 2.3 The Fund's Pension Administration Strategy (PAS), most recently revised from April 2017, sets the performance and quality standards for employers and the Fund. The efficient delivery of the benefits of the scheme is reliant upon effective administrative procedures being in place between the Fund and scheme employers. Most notably the timely exchange of accurate information in relation to Fund members. The administration strategy sets out the expected levels of performance of the Fund and scheme employers, and provides details about the monitoring of performance levels.

3.0 Outstanding Data – Progress

- 3.1 The Fund has and continues to take a number of actions to engage with employers to improve the quality of data held. These include:

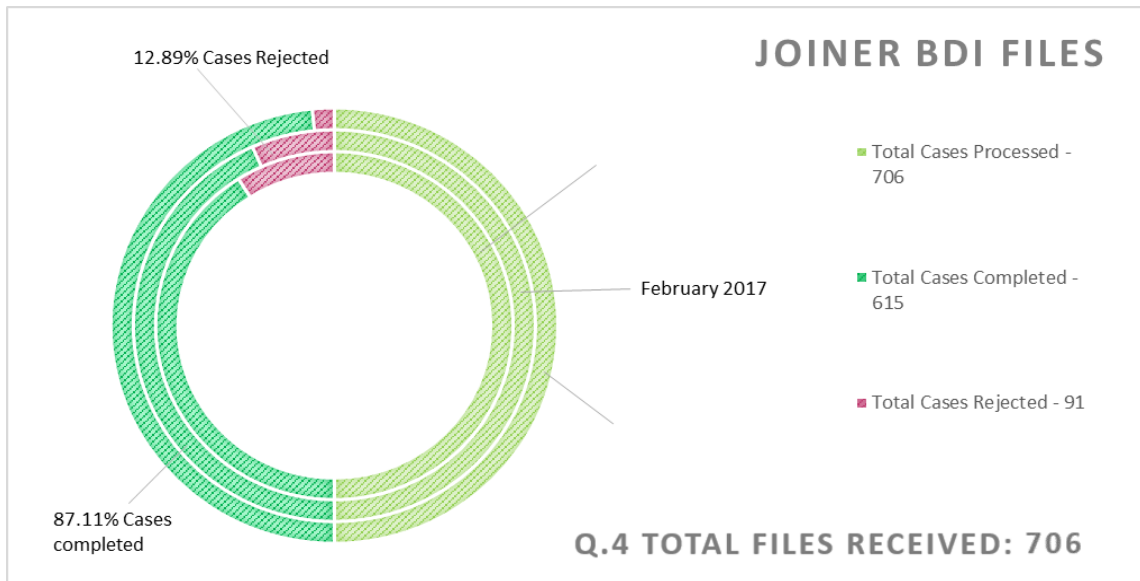
- Detailed review of the errors encountered in the annual return process
- Reporting back to individual employers on the issues with their files and data gaps for further investigation

- Plans for the development of wider employer briefing and coaching
- Face-to-face meetings with larger employers with regular follow-up on the actions Required

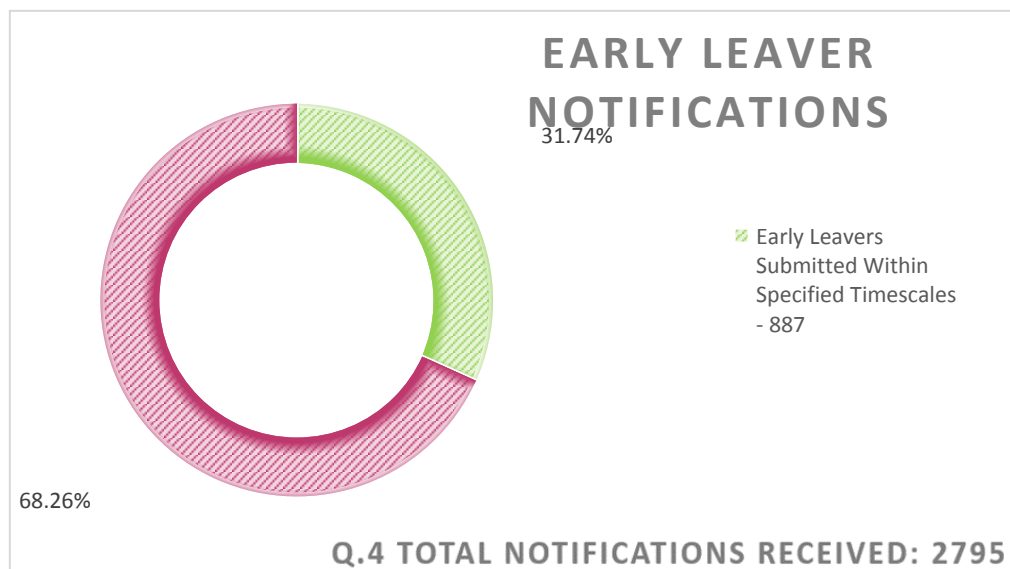
- 3.2 Following this increased engagement with employers, the Fund has received the 2017 Annual Returns with 97% of employers returning their files by 31 May 2017, compared to 92% last year. The typical known issues to date include, missing notifications for joiners and leavers, missing hours for casual workers, historic errors from previous annual returns processes, and records with no contributions received.
- 3.3 The Fund continues to work with employers to monitor and review progress in reducing these data errors. Feedback has been given to employers on the 2016 Annual Returns files in September 2016 and the Fund is working through the 2017 Returns. Based on the files received to date, the data indicates an improvement year on year with the annual errors reported for 2016 at 11,674 and those reported this year at 9850.
- 3.4 The Fund is working with employers to support the acceleration in the reduction of outstanding data. Regular updates and meetings are being held with key employers and performance is being monitored on a regular basis. In addition work is currently underway to focus engagement with those employers where progress could be improved.

4.0 Employer performance against the Pension Administration Strategy

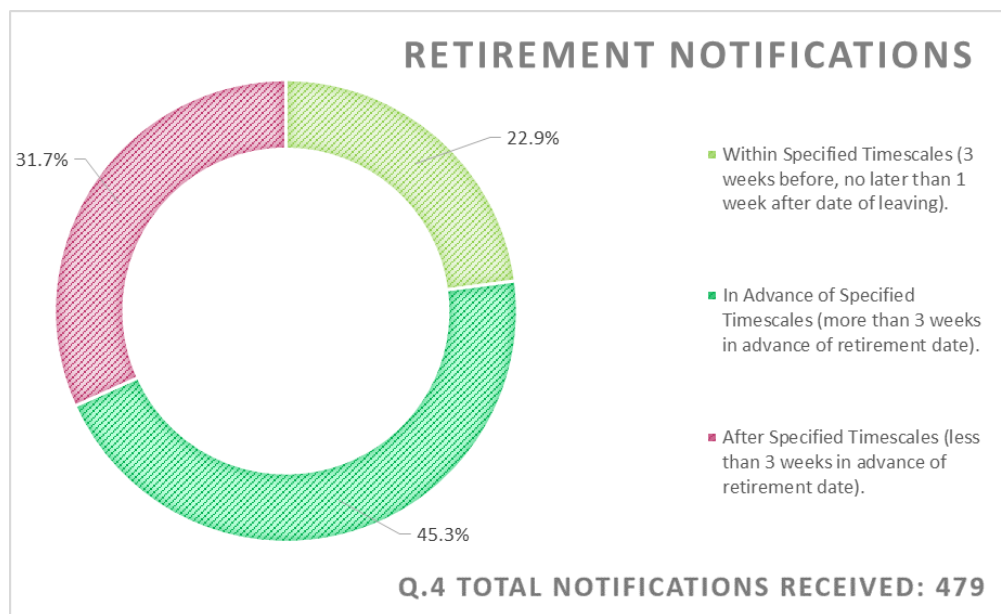
- 4.1 Alongside monitoring outstanding data items, the Fund is reviewing and enhancing the performance management framework for performance against the employer standards specified in the PAS. The performance standards focus on timeliness and quality and covers, but is not limited to, the following key areas:
- Submission of joiner information
 - Notification of leavers (early leaver and retirees)
 - Submission of annual return data
 - Response to queries raised by the Fund
- 4.2 From January 2017 – March 2017 the Fund received a total of 706 bulk joiner files from employers. On average the Fund rejected 13% of the joiner data files received due to the quality of the data provided, this can be due to missing mandatory fields or incorrect formatting. Employers are required to notify the Fund of new joiners to the scheme within 6 weeks of a member joining. On average from the files submitted from January 2017 – March 2017, the average timeframe was 11 months and 3 weeks.



- 4.3 Employers are required to notify the Fund when members leave employment either as an early leaver or due to retirement. To enable the efficient processing of member benefits there are specified timescales for notifying the Fund.
- 4.4 Overall, from January 2017 – March 2017 an improvement has been seen in the quality of the bulk joiner files submitted by employers and the timeliness of the notification of members leaving early. However, overall the timeliness of submissions of early leaver notifications has shown a slight decrease since Q3. This is detailed in Appendix A.



- 4.5 Employers are required to notify the Fund when members leave employment either as an early leaver or due to retirement. To enable the efficient processing of member benefits there are specified timescales of 3 weeks before and no later than 1 week after the date of leaving. From January 2017 – March 2017, 68% of retirement notifications were received either in advance of or within the specified timescale of 3 weeks before and no later than 1 week after the date of leaving.



- 4.6 From January 2017 – March 2017, 32% of early leaver notifications were received within the specified timescales of within 30 days of the month end of the date of the member leaving. An average timescale of 193 days (following the date the member left employment) was achieved across all employers. With the work underway to reduce outstanding data items, it is expected that a high volume of the cases not achieving KPI will be due to employer's actioning outstanding missing leaver notifications.
- 4.7 The Fund are engaging with employers in regards to their performance against these standards, to highlight areas for improvement, to understand the issues they experience and where further support can be provided. This engagement has been initiated in the first instance with the district councils, and a dashboard detailing their performance has been developed for each of these key areas.
- 4.8 To support employers with submission of leaver data to the Fund, a review has been undertaken of the structure and layout of the form and a guidance document produced. This document is designed to support employers with their understanding the requirements to reduce the number of queries raised.
- 4.9 The Fund is due to present to employers at its Mid Year Review and will discuss both Fund and Employer performance in this area feeding back on lesson learned in the new monthly returns process and the progress of implementation prior to all employers going live in September.

5.0 Transition to Monthly Data and Contribution Submissions with employers

- 5.1 After the successful pilot in January employers were able to provide feedback on the current process, which has enabled the Fund to enhance the process and produce documentation to further support employers and the Fund. An employer user guide, navigation video and FAQ's document are a couple of pieces of the key support documentation that has been produced and are available on the Fund's website.
- 5.2 The transition dates for employers to submit their monthly file spans from April 2017 – September 2017, with the below highlighted go-live dates along with the number of employers who are due to commence at each date:
- April – 473 (147 confirmed, 326 default)
 - May – 2
 - June – 20
 - July – 35
 - August – 0
 - September – 75
- 5.3 Since the go-live date of April, the Fund has received approximately 100 files from employers. The employers are permitted to submit one data file containing new joiners, member changes, member/employer contributions, which will produce a financial remittance advice and identify leavers by the 19th of each month. The Fund will contact those employers who have not submitted their files and provide support if necessary.
- 5.4 The Fund needs to complete the Annual Returns process before it can commence the Monthly Data Submissions procedure. The Fund is regularly communicating with employers, such as through the Employer Brief and Employer Peer Group, to keep them up to date with this process.

6.0 Financial implications

- 6.1 The late receipt of membership data and/or data errors can increase the administration cost of the Fund. Scheme regulations enable the Fund to recover additional costs incurred as a result of poor employer performance. As detailed above the Fund has issued charges to recover costs for the late submission of annual return files. The Fund are also looking at recharging for additional costs incurred for additional work required for the resolution of large volumes of outstanding data.

7.0 Legal implications

- 7.1 The Fund has a legal duty to meet with legislation and statutory best practice, failure to do so may open the fund to challenge from the Pensions Regulator or the National Scheme Advisory Board and may incur severe penalties from the ICO with the implementation of the General Data Protection Regulations.

- 7.2 The Fund is able to impose penalties on employers (to cover any fines or costs incurred) through its adopted pension administration strategy.

8.0 Equalities implications

- 8.1 There are no implications contained within this report

9.0 Environmental implications

- 9.1 There are no implications contained within this report

10.0 Human resources implications

- 10.1 There are no implications contained within this report

11.0 Corporate landlord implications

- 11.1 There are no implications contained within this report

12.0 Schedule of background papers

- 12.1 12.1 Pension Administration Strategy 2017
- 12.2 Public Service Pensions Act 2013
<http://www.legislation.gov.uk/ukpga/2013/25/contents>
- 12.3 The Pensions Regulator's code of Practice
<http://www.thepensionsregulator.gov.uk/doc-library/codes.aspx>
- 12.4 The Scheme Advisory Board's statutory guidance.
<http://www.lgpsboard.org/index.php/about-the-board/board-guidance>
- 12.5 General Data Protection Regulations
<https://ico.org.uk/for-organisations/data-protection-reform/overview-of-the-gdpr/>

13.0 Schedule of Appendices

- 13.1 Appendix A - Quarterly analysis (YTD) of employer performance against key standards in the PAS

Appendix A

Quarterly analysis (YTD) of employer performance against key standards in the PAS

