

# Pensions Committee

## 21 March 2018

<b>Report title</b>	Data Quality and Employer Performance	
<b>Originating service</b>	Pensions	
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### Recommendations for noting:

The Committee is asked to note:

1. The work undertaken to improve the Quality of Data received from employers.
2. The engagement undertaken by the Fund with its employers.
3. The Data Improvement Plan drafted by the Fund in compliance with the Pension Regulator's best practice guidance.

## **1.0 Purpose**

- 1.1 To provide an update to Committee on the work of the Fund in the area of data quality and to provide assurance on the action the Fund is talking with employers to improve data.

## **2.0 Background**

- 2.1 All Local Government Pension Schemes collect and hold records about scheme members' identities, personal data, pay and their time in the scheme in order to calculate and pay out benefits.
- 2.2 Record keeping is a vital part of running a scheme and failure to maintain complete and accurate records means the Fund is at risk of failing to meet its legal obligations. Crucially, it can affect the Fund's ability to complete basic functions such as paying members the right amount at the right time and issuing annual benefit statements as required under the Local Government Pension Scheme Regulations.

## **3.0 Annual Returns and the production of Annual Benefit Statements 2017**

- 3.1 Employers are required every year to produce an Annual Return file which allows the Fund to reconcile the data it holds. The Fund is reliant on the information it receives from employers and regularly conducts reconciliations of the data it holds to ensure it is accurate, complete and up to date to ensure the Fund complies with its statutory duty to produce an Annual Benefit Statement.
- 3.2 In 2017, the Fund produced and provided 79% of its membership with access to an Annual Benefit Statement (compared to 82% last year). The Fund has a legal duty to provide benefit statements to all its membership and in recognising the shortfall in the number the Fund were able to provide in August 2017, the Fund self-reported to the Pension Regulator.
- 3.3 The 21% of the Fund's active membership who did not receive an Annual Benefit Statement, were spread across 563 participating employers. Statements could not be produced where there were "queries" in records and in these cases a letter was produced to advise members that the Fund was unable to produce a statement for them. Queries which prevented the production of a benefit statement included for example, missing earnings, missing Career Average Revalued Earnings (CARE) pay, possible leavers or 50:50 pay.
- 3.4 The Fund has engaged with the Regulator, responding to their questions in relation to the engagement undertaken with employers on the quality of their data and timeliness of information. It should be noted that all employers provided an Annual Return data file, the shortfall in issuance of benefit statements, relates to the quality of data provided and/or outstanding processes running on member records.

- 3.5 Since issuing benefit statements in August 2017, the Fund has undertaken a large amount of engagement with its employers, focused on those with larger memberships with regular reporting on their delivery of monthly returns data and feedback from the officers undertaking the data analysis, as well as face-to-face meetings with the Fund's Relationship Management Officer and Data Managers.
- 3.6 In addition, the Fund has used its engagement groups such as the Employer Peer Group, the Mid-Year Review and AGM to speak to employers about the quality of data received and required by the Fund escalating concerns with employers where there are specific concerns. Updates on data quality have also been provided to the Fund's Local Pension Board on which employer representatives from across the Fund's employer groups sit.
- 3.7 As a result of this engagement, the Fund has successfully resolved circa 3,000 member record queries since the issuance of benefit statements in August 2017, with each member having received a statement or letter confirming their pension benefits to date.
- 3.8 The level of assurance received from employers with regards to missing data has been varied to date, partially reflecting the diversity and resourcing available to employers across the Fund's employer base. The Fund continues to work with employers to improve upon data quality, in many cases on an individual basis in addition to correspondence being issued to provide further guidance and remind employers of their obligations. It should be noted however, that as more queries are raised, additional work can be created for the Fund who need to respond to each query while maintaining service delivery and the Fund is actively recruiting further temporary resource to help with this work following a lag in receipt of monthly information.
- 3.9 With the majority of the employers there are plans in place with defined timescales for actions required to improve upon data quality. In addition, the Fund has invited the Pension Regulator to speak at the Mid-Year Review event in May 2018 which will further serve to highlight the importance of good quality data with employers.

#### **4.0 Monthly submission**

- 4.1 As previously reported to Committee, the Fund has instigated a program of monthly submissions from employers which seek to reconcile member data held by the Fund on a monthly basis with that held by Employers. The aim being to improve the accuracy of data held throughout the year enabling early identification of any issues in advance of the production of Annual Benefit Statements.
- 4.2 As at 31 January 2018, 591 out of the Fund's 624 employers have started to submit monthly files, with 366 of those having fully submitted monthly files for each month to date.
- 4.3 Of the 225 Employers who have part submitted monthly files, the submission rate varies from having submitted just 1 monthly file up to 10 files. Due to the sporadic nature of some submissions the Fund has engaged with employers, emphasising the need for

consistency in submissions to enable timely review and management of incoming files by the Fund.

- 4.4 As the Fund approaches the end of the financial year, the need for accurate data becomes more pertinent as preparation begins for the 2018 Annual Benefit Statements. The Customer Engagement Report provide further updates on the engagement with employers in this area.
- 4.5 Aligned to this process, the Fund has produced dashboards to summarise performance and data quality, highlighting the areas for action by each employer. It is proposed that these be rolled out on a monthly basis going forward as we continue to engage with employers over the two-year program to fully embed monthly submissions. Attached at Appendix One is an example employer dashboard.
- 4.6 The Fund continues to work with its participating employers to improve data quality and performance in line with the LGPS Regulations and Pensions Administration Strategy acknowledging that this continual improvement is a work in progress, recognising the pressures that many employers face and also that new initiatives require both changes to working practices and software systems (some employers have changed payroll providers in order to comply with the monthly submission requirement), the Fund must allow time for the process to become embedded.

## **5.0 Data Improvement Plan**

- 5.1 Work has continued with the Data Managers and the Employer Relationship Team to improve data quality with our employers through ongoing engagement and support and by the provision of employer information dashboards. The Fund is developing a program of engagement to launch the new dashboards as well as changes to employer processes from April 2018.
- 5.2 The Pension Administration Strategy will continue to be reviewed as a live document, building on the current framework for policy and performance standards with a full review of the recharge structure for late submissions and data quality standards ensuring the additional costs of managing poor data are recovered and to encourage performance improvement.
- 5.3 Moving forward the Fund is exploring ways to continue to improve data efficiency with further developments in digital data exchanges with our members and employers. These will include a review of the Fund website, further development with electronic forms and bulk data processing.
- 5.4 Through the ongoing engagement with employers, the move to monthly submissions and the development of the Data Team, the Fund now has a clearer understanding of its Data Quality and is able to identify key areas for improvement focussing the team on specific projects. In conjunction with the Benefit Operations and Payroll Managers, the Fund's Systems team and Employer Support Team the Fund's Data Team have commenced development of a Data Improvement plan which has been created in collaboration with

the Data Improvement project group responsible for driving the Data Improvement Plans across the whole Fund, meeting the objectives and statutory requirements of the Pensions Regulator. Attached at Appendix Two is the Fund's Data Improvement Plan Policy created in line with guidance issued by the Regulator. Progress against this Plan will be reported at each Pension Board meeting and on a bi-annual basis (June and December) and to Committee as part of the preparation and monitoring of the Fund's performance in the lead up to the production of 2018 Benefit Statements.

## **6.0 Financial implications**

- 6.1 The late receipt of membership data and/or data errors can increase the administration cost of the Fund and risks penalty charges if as a result the Fund is unable to meet its obligations to members. The Fund monitors employer performance to identify issues early and escalates to appropriate senior officers within those employers where action needs to be taken. The Fund has the ability to recover costs from employers where additional work is required and will be recharging for additional costs incurred for additional work required for the resolution of large volumes of outstanding data and is managing this on a case by case basis.

## **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 recharge employers (to cover any costs incurred) through its pension administration strategy.

## **8.0 Equalities implications**

- 8.1 The Data Improvement Policy has been written in compliance with the Equalities Act 2010.

## **9.0 Environmental implications**

- 9.1 There are no implications

## **10.0 Human resources implications**

- 10.1 There are no implications

## **11.0 Corporate landlord implications**

- 11.1 There are no implications

## **12.0 Schedule of background papers**

### 12.1 Pension Administration Strategy

<http://www.wmpfonline.com/CHttpHandler.ashx?id=12350&p=0>

## **13.0 Appendices**

### 13.1 Appendix 1 - Example Employer Dashboard

### 13.2 Appendix 2 - Data Improvement Policy