



Pensions Board

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Report title	Pensions Administration – Data Quality		
Originating service	Pensions Administration		
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Recommendations for noting:

The Board is asked to note the on-going review of data and the actions being taken to ensure the completeness and quality of data held by the Fund.

1.0 Purpose

- 1.1 To provide the Pension Board with an overview of how the Fund measures data against legislative record keeping requirements and the expectations of the Pensions Regulator and to summarise the plans in place to make improvements to data quality and the data review process.

2.0 Background

- 2.1 The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 came into force in April 2015. These set out a list of the records the Fund must keep in relation to member and beneficiaries, transactions and Pension Board meetings and decisions. The Pensions Regulator now regulates the governance and administration of public service pension schemes and will oversee compliance with the new regulations.
- 2.2 The Pensions Regulator has issued guidance to scheme managers noting that failure to hold complete and accurate records can impact a funds ability to carry out basic functions. Funds are encouraged to regularly evaluate member data and work with employers to ensure processes are in place to deliver the correct information on a timely basis. If a Fund or employer fails to act, resulting in a breach of the legislative requirement, a report may need to be made to the Pensions Regulator who has the power to issue improvement notices and fines.
- 2.3 In its guidance, the Pensions Regulator encourages a proportionate and risk-based approach to regular data monitoring, noting that significantly more data needs to be held to operate the CARE Scheme (introduced under LGPS 2014). At least annually, the Pensions Regulator expects Funds to carry out a formal data review and set a data improvement plan, to address issues with data quality within a set time period.
- 2.4 This paper was discussed with the Pensions Committee at their meeting on 9 December 2015 and has been updated for the Pensions Board to reflect activity in recent weeks.

3.0 Fund data review process

- 3.1 The Fund has a process for reviewing data on an annual basis, as part of the Annual Return employer data submission exercise, following the production of Benefit Statements and on an on-going basis as members leave or retire. This has been developed to reflect the new legislation and guidance and extended following the 2015 Annual Return.
- 3.2 Prior to the introduction of the new legislation, the Fund was actively engaging with larger employers in relation to the gaps and inconsistencies within the data submitted to the Fund following previous Annual Return exercises and in relation to data issues causing the failure of the production of benefit statements. Fund data was also tested against the Pensions Regulator's "common" and "conditional" record keeping requirements applicable to pension schemes in the private sector.

- 3.3 Fund data has now been tested against the new legislative requirements and this testing will develop over time, as new reporting functionality is added to the administration software system. The results (included in Appendix 1) indicate there are no material gaps or areas of concern but work is needed to ensure the accuracy of data, particularly salary information provided by employers, following review of 2015 annual return submissions. Over time, capabilities to report against the areas specified in the regulations are expected to develop to enhance this review.
- 3.4 Actions have been identified to further review and address areas where data is incomplete or requires review. The data review will be revisited in May 2016 for monitoring purposes and to incorporate new reporting and data available at that time.

4.0 2015 annual return process – follow-up

- 4.1 As reported to Committee in September 2015 (and discussed with the Board during their away day in October 2015), late submission and errors within the 2015 Annual Returns impacted on the Fund's ability to issue benefit statements. Since then, a number of employers (and members) have approached the Fund to alert us to errors in the salary data submitted, which will impact on the CARE pension credited for 2014/15 and their 2015 benefit statements. With a CARE scheme, it is critically important that the Fund receives and processes correct salary information each year as this will impact on the pension calculated by the Fund and significant additional time and cost will be incurred if records need reviewing and amending at a later date.
- 4.2 The Fund has and continues to take a number of actions to engage with employers and the administration software supplier to investigate and resolve issues encountered in 2015, to correct and prevent these re-occurring in 2016. These include:
 - Detailed review of the errors encountered in the 2015 process
 - Reporting back to individual employers on the issues with their files and data gaps for further investigation
 - Review and development of the data extract specification
 - Plans for wider employer briefing and coaching
 - Face-to-face meetings with larger employers with regular follow-up on the actions required
- 4.2 Appendix 2 summarises the steps we are taking to engage with employers on this issue. Those employers who delivered their 2015 Annual Return late or had significant issues with their data will be fined and additional costs re-charged in accordance with the Fund's Pensions Administration Strategy.
- 4.3 We are actively working with our software supplier, employers and are collaborating with other funds to improve data exchange. We are looking to move to more frequent (monthly) exchange to alleviate some of the issues with the annual return process and to enable greater bulk and electronic working to enhance efficiency.

5.0 Financial implications

- 5.1 Problems with data are putting increased pressure on the Fund's resources. The review of the Pension Administration structure (discussed with the Committee in December

2015) will bring a new focus on data with dedicated resources fully engaged on resolving data issues.

- 5.2 The Pension Administration Strategy allows the Fund to recharge additional costs incurred. This will be reviewed in 2016 and fines may be increased. The Pensions Regulator also has the powers to issue fines to the Fund and participating employers in the event of non-compliance with a written notice of improvement.

6.0 Legal implications

- 6.1 Failure to adequately address data issues risk breach of Record Keeping legislation and will leave the Fund open to challenge by the Pensions Regulator. The Fund is taking steps to review data and pro-actively address issues with employers but will ultimately need to rely on the information supplied by employers.
- 6.2 The Fund may need to report employers who do not engage or deliver the information required by the Fund to the Pensions Regulator.

7.0 Equalities implications

- 7.1 There are no implications.

8.0 Environmental implications

- 8.1 There are no implications

9.0 Human resources implications

- 9.1 There are no direct implications but the establishment of the Fund has been reviewed to take into account the additional work needed on Fund data.

10.0 Corporate landlord implications

- 10.1 There are no implications

11.0 Schedule of background papers

- 11.1 None

12.0 Appendices

- 12.1 Appendix 1 – Assessment relative to the legal requirement
Appendix 2 – Schedule of engagement with employers

Appendix 1

Assessment of Fund data relative to the requirements set out in The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014

The table below summarises the results of a review of the data held by the Fund. Where reports are available to test this data ("TPR reports") they have been run. Otherwise, a review of the data held has been carried out to assess whether or not the information would be held by the Fund, based on the processes currently in place and embedded within the Fund administration system. In some cases a further review of historic records is required to confirm the likely completeness of the data for all members. A risk indicator is given to highlight potential risks or areas requiring data cleansing and/or further investigation. In line with guidance from the Pensions Regulator, a proportionate approach is being adopted to monitoring and data cleansing, with the next review planned for May 2016.

Requirement	Assessment / observation (November 2015)	Risk / result
Member and Beneficiary information		
Name	TPR report available. Minimal risk contained in this area as a forename and surname has to be provided to create a members record. They are never deleted and left blank, only replaced if they change and we are notified.	100%
Date of birth	TPR report available. Minimal risk contained in this area as a date of birth has to be given to create a members record by the employer. If the member advises us it is incorrect then we will amend upon sight of the birth certificate.	100%
Gender	TPR report available. Minimal risk contained in this area as a gender has to be given to create a members record by the employer. TPR report run will identify if the gender does not match title and they are then amended if the employer supplied them incorrectly.	100%
Last known postal address	TPR report available for address and post code held against a local identifier. Where we have received returned post and cannot locate the members new address we insert the Funds address which is not the last known address. Last known address will be held in the documents on the record.	96% (see note 1.)

Member's scheme identification number	It is not possible to have a pension record without a member scheme identification number within UPM. Minimal risk contained in this area. No report available to show missing identification numbers as it would be redundant.	
NI Number	TPR report available. Minimal risk contained in this area as an NI Number has to be given to create a members record by the employer. The report will show any with a temporary number, these are then fed back to the employer to amend.	Temporary NI held for 0.25% of members (see note 2.)
For active , deferred and pensioner member;		
Date of joining and leaving	TPR reports for start & leave dates available. No risk contained in these areas. Date of joining has to be present to create a new members record and in order for a member to change from an active member to other, they need to submit a leave date amongst other data.	100%
Details of employment with any employer in the scheme	TPR report for employer name held is available.	100%
Period of pensionable service in that employment	No report currently available to pull this information. However the information is held in the service & salary screen/table and also the status history screen/table. This information is held for each member who has contributed to the scheme.	
Amount of pensionable earnings in each year of that employment	No report currently available to pull this information. However the information is uploaded to the earnings and contributions screen/table each year through the annual returns process. The employers provide the information for all their employees on a schedule which is uploaded to the identified record for each member on said schedule. The quality is unknown.	(see note 3.)
In respect of each member's rights or beneficiary entitlement		
Formula used in calculating the member's or beneficiary's pension or benefit	No report currently available to pull this information. The information is not retained in a specific screen or table but is held on a document on the individual records once the calculation has been done. There will be the benefit statements each year, any provisional quotes (estimates) requested and then finally when they retire or are due a benefit from us the final calculation will be done to inform them of the pension/benefit. There is minimal risk as the information is held in the document list of the relevant record.	
The percentage to be applied in respect of revaluation for each year to the member's accrued rights	No report currently available to pull this information. Under the new 2014 regulations each members' active record has to be revaluated. The percentage can be found in the CARE table on the individual member record where it states revaluation rate. We feel there is minimal risk as revaluation takes place each year for all relevant active members.	

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Any increase to be applied to the pensioner member's or beneficiary pension or benefit in payment in each year.	No report currently available to pull this information. We feel there is minimal risk as the increase is added each year for all relevant pension/beneficiary members. Before the annual run a data cleansing exercise is done. Once the run has been done a report is produced with any failures and they are then analysed and corrected individually.	
Pension debit Information relevant to calculating any reduction to the member's rights.	No report currently available to pull this information. However the information for each relevant member can be found on the Court Order screen/table. This information has to be entered as part of the Divorce Settlement process and so we feel there is minimal risk with this data.	
Pension credit Information relevant to calculating each member's rights	No report currently available to pull this information. However the information for each Deferred Ex-Spouse status can be found on the Pension History screen/table. This information has to be entered as part of the Divorce Settlement process and so we feel there is minimal risk with this data.	
Records of Transactions		
Employer or member contributions paid in relation to each active member	TPR report available for member contributions. This information is found on the earnings & contribution screen/table. There is no report for the employer contributions however from 2014/2015 this is now added to & found on the same screen/table as the member contributions. As the information is now put on the screens mentioned, through the annual returns process, there is minimal risk moving forward	96% of members have contribution history
Pension and benefit payments		
Date of payment	There isn't a report available for this area. The Lump Sum payments are held on outgoing single payments. The status history screen/table shows the date the member became a pensioner, the date they were paid pension from and on the payroll record for the member it shows the frequency and on the payroll transaction enquiry screen is shows the payment dates for pension paid. The lump sum payment details have to be retained due to the process they are done through so there is no risk of it being missing. The date of payment for pension benefits cannot be missed as this is set for all relevant eligible payees when the payroll process is started once the previous months has ended. This is a UPM process & has to be done so there is minimal risk of the data being missing.	
Payments made to any member who leaves the scheme other than on a transfer	We believe that this covers Refunds of contributions to members. There isn't a report available for the 5 areas mentioned below.	

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Members name	Information can be found in the folder details. Members name has to be on a record for it to exist. There is minimal risk in this being missing.	
Leaving date	This can be found in the Status History screen/table. As part of the refund process this information has to be entered and so there is minimal risk of it being missing.	
Member's entitlement at that date	This information can be found in the Status History Screen/table on the Full Refund line. As part of the refund process in UPM this information is automatically written back as part of the calculation and so we feel there is no risk associated with this.	
Method for calculating any entitlement under the scheme	This information is not found on a screen or table. It can be found in the document list as a calculation document. This is produced as part of the refund calculation and so there is no risk of it being missing.	
How the entitlement was discharged	This information is found in the Single Outgoing Payment screen/table under payment method. This is automatically added when payment is made as part of the UPM refund process and so there is minimal risk of it being missing.	
Receipt or payment of money or assets relating to the transfer of members into or out of the scheme	There isn't a report available for the 5 areas mentioned below. The information mentioned is dealt with through the Transfer In process & the Transfer Out process.	
Member's name	Information can be found in the folder details. Members name has to be on a record for it to exist. There is minimal risk in this being missing.	
Transfer terms	Information is held in the Transfer screen/table and would either depict "Occupational" or "Private".	
Name of scheme member has transferred into or out	For a Transfer In, the name can be found in the transfer screen/table. This has to be entered as part of the process and so poses minimal risk of being missed. For a Transfer Out, the name of the scheme can be found in the Single Outgoing Payments screen/table. As this is done through the process it poses minimal risk of being missing.	
Transfer date	For a Transfer In, the transfer date can be found in the transfer screen/table. This has to be entered as part of the process and so poses no risk of being missed. For a Transfer Out, the transfer date can be found in the Single Outgoing Payments screen/table. As this is done through the process it poses minimal risk of being missing.	

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Date of receipt or payment of money or assets	For a Transfer In & a Transfer Out the date of receipt or date of payment can be found in the Single Incoming Payment screen/table and the Single Outgoing Payment screen/table.	
Payments made by or on behalf of the scheme manager to any person, except pension and benefit payments and payments made to members who leave the scheme (other than on a transfer)	Unclear what this may include. Our interpretation is: Death grants, balance of pension for estates or beneficiaries, Compensatory payments. There are no reports for the information required.	
Name and address of person that payment was made to	Beneficiary Details View screen/table will show death grant payments, the payee and their address can be found in the table behind the initial information held. For balance of pension payments the name and address is held on the RB2 form held in the documents and also the Balance of Payment Request form. It is not held on a screen or table. No screen specific to compensatory payments.	
Reason for payment	This can be found on the beneficiary details view screen for Death grants. The balance of pension payment reason is held on the manual calculation sheet on UPM in the document list and also identified in the coding used to upload to the ledger which is written back to Agresso when the payment is made.	
Any movement or transfer of assets from the scheme to any person	We are making an assumption that AVC retirement payments come under this section. Where either Prudential or Equitable life send us monies via cheque or Bacs to then be paid from us to the member. Further investigation into this is required but most payments go direct from Prudential to the member.	
Name and address of the person that the assets were moved or transferred to		
Reason for transaction		
Payments made to any employer participating in the scheme	We would only expect payments to fall due to an employer if an overpayment is made. In practice these are generally addressed through adjustments to subsequent payments rather than a return of monies to employers.	

Any amount due to the scheme that has been written off in the scheme's accounts	This is now done through the Agresso system. Everything is run through an action and reports can be run off for them. The reports and Accounts produced each year will also contain this information and overpayments of pension benefits are recorded manually on a spread sheet. They are then analysed and updated quarterly. There is a screen that could be utilised in UPM called Overpayment table once it is unhidden/made available. Reports could possibly then be run for them. Discussions with the managers involved suggest minimal risk with missing data.	
Any other payment to the scheme	There is potential in the future to receive payments for fast track divorce cases or multiple quotes. If this is agreed or used then the information below would need to be integrated into the UPM system when dealing with them. As of now there are no other types for this area, so for now there is no known risk.	
Name and address of the person from whom it is received		
Where a payment is made in respect of a member, name of member		

Notes:

1. Where returned post is received, the Fund contacts employers and/or uses tracing agencies to obtain up-to-date address information which is then subject to a verification process. Web portal provides members with a facility to self-serve change of address.
2. The introduction of bulk data imports (BDI) for joiners in 2014 prevents the use of temporary NI numbers so the use of temporary NI numbers is historic. The Fund will liaise with employers to cleanse this data (noting that it will not be available in all cases e.g. beneficiaries under the age of 16).
3. Missing salary information is actively being investigated as part of the review of annual return data. Post 2014, under the new scheme and salary definition the Fund is reliant on the accuracy of the salary information provided by employers each year.
4. A number of the Fund's historic records are held on microfiche. These files continue to be reviewed and scanned on to member files to enhance the Fund's electronic records.

Appendix 2

Schedule of engagement with employers

Meetings have been held with 7 of the Fund's largest employers, covering 70% of the membership and 63% of the annual return errors.

Employer	Number of members	Date of meeting	Data report issued							Follow Up	
			Leavers	Joiners	Casuals	Null Address	Contribution Queries	Nil Contributions	2015 Annual return errors	1	2
2*	30540	22/09/2015	29/09/2015	01/12/2015	4/01/2016					26/11/2015	16/12/2015
3	7861	12/11/2015	19/11/2015	19/11/2015	19/11/2015	19/11/2015	18/11/2015	18/11/2015	19/11/2015		
4	9109	29/10/2015	05/11/2015	10/11/2015	05/11/2015	05/11/2015	05/11/2015	05/11/2015	19/11/2015		
5	8047	28/10/2015	10/11/2015	03/11/2015	03/11/2015	03/11/2015	03/11/2015	03/11/2015	19/11/2015		
6	4941	10/11/2015	13/11/2015	13/11/2015	13/11/2015	13/11/2015	13/11/2015	13/11/2015	13/11/2015		
7	7062	24/11/2015	17/11/2015	27/11/2015		27/11/2015	27/11/2015	27/11/2015	27/11/2015		
8	7587	22/11/2015	03/11/2015	03/11/2015	03/11/2015	03/11/2015				20/11/2015	16/12/2015

*Note that the focus to date for this employer has been on pre 2014/15 data issues. We will shortly be finalising and issuing analysis of 2015 annual return errors and more recent queries.

In addition, a further three meetings have been held with two employers and a payroll provider for 15 employers.

Work is underway to complete the analysis of the data errors for the remaining employers, starting with the largest 25 employers (which will increase coverage to approximately 85% of the membership), and others on request, as shown in the table below. As at 31 December 2015 we had completed and issued data analysis covering 76% of the membership.

Other Employers

Employer	Number of members	Date of meeting	Data sent					
			Leavers	Joiners	Casuals	Null Address	Nil Contributions	2015 Annual return errors
9	348	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015
85	1852	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015
115	332	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015
127	387	23/11/2015	30/11/2015	30/11/2015	30/11/2015	30/11/2015	30/11/2015	30/11/2015
133	264	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015
236	360	n/a	04/01/2016	04/01/2016	04/01/2016	04/01/2016	04/01/2016	04/01/2016
227	259	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015
274	555	n/a	08/01/2016	08/01/2016	08/01/2016	08/01/2016	08/01/2016	08/01/2016
224	32	n/a	04/12/2016	04/12/2016	04/12/2016	04/12/2016	04/12/2016	04/12/2016
300	259	n/a	10/12/2015	10/12/2015	10/12/2015	10/12/2015	10/12/2015	10/12/2015
301	285	n/a	10/12/2015	10/12/2015	10/12/2015	10/12/2015	10/12/2015	10/12/2015
354	165	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015
358	164	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015
390	195	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015
391	1	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015
413	87	12/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015
440	58	12/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015
454	82	12/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015
455	295	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015
460	34	12/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015
498	25	12/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015
575	33	12/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015
605	374	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015

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625	24	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015
626	28	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015
637	27	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015
638	65	12/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015
690	39	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015
692	56	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015
719	61	12/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015
720	17	12/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015
721	21	12/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015
723	23	12/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015
725	17	12/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015
772	56	n/a	21/12/2015	21/12/2015	21/12/2015	21/12/2015	21/12/2015	21/12/2015	21/12/2015
778	25	n/a	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015	23/12/2015
881	18	12/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015
887	34	12/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015	20/11/2015

Early January 2016 we issued invites to all employers to attend one of four workshops we are holding on the Annual Return process. These workshops are intended to look more broadly at the “customer journey” but will also provide an opportunity to discuss queries raised from the 2015 exercise.