

# Pensions Committee

7 December 2016

<b>Report title</b>	Data quality and employer performance – quarterly update - 1 July 2016 – 30 September 2016	
<b>Originating service</b>	Pension Services	
<b>Accountable employee(s)</b>	Amy Regler Tel Email	Business Performance and Data Manager 01902 554643 Amy.regler@wolverhampton.gov.uk
<b>Report has been considered by</b>	Rachel Brothwood Tel Email	Director of Pensions 01902 551715 Rachel.brothwood@wolverhampton.gov.uk

---

## Recommendation(s) 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)

## **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 this has heightened so as to improve efficiency and comply with the Pension Regulator's (tPR) closer scrutiny in this area applied with effect from April 2015. As previously reported, the Fund is implementing procedures to ensure optimum data quality is embedded within its administration system and associated records.

- 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

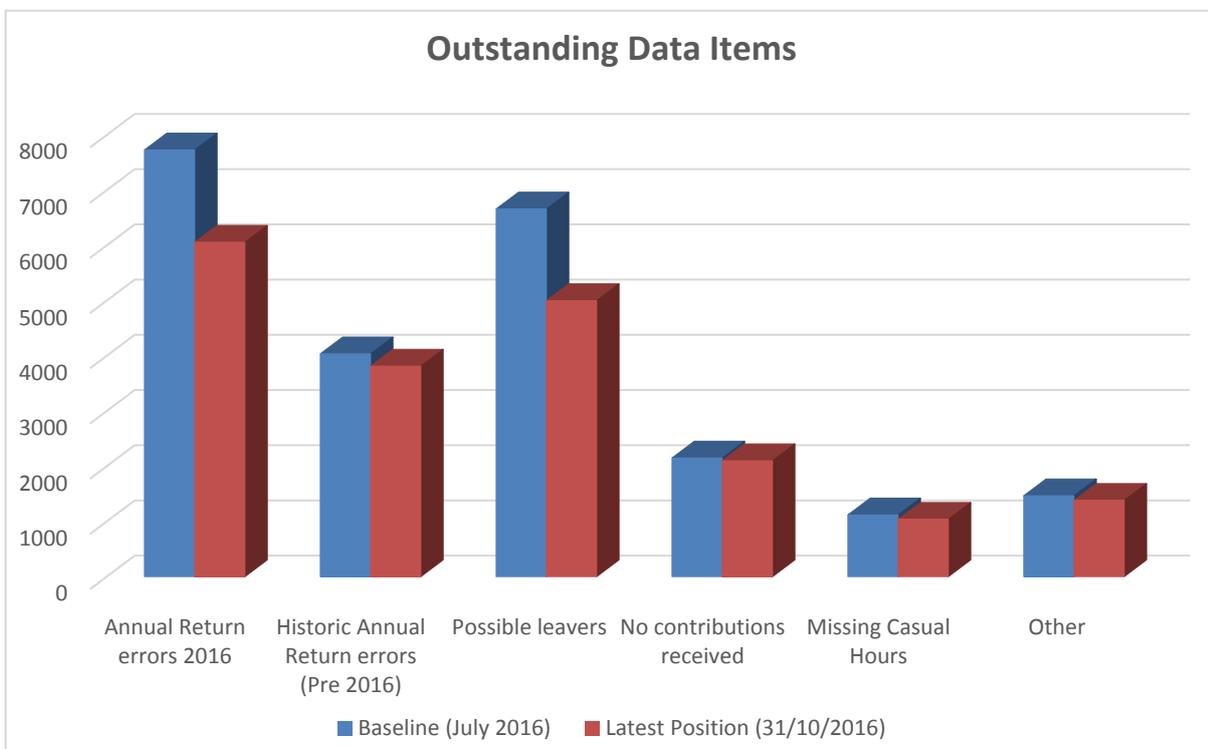
- 2.3 The Fund's Pension Administration Strategy (PAS), sets the performance and quality standards for employers and the Fund. The efficient delivery of the benefits of the scheme is reliant upon effective administrative procedures being in place between the Fund and scheme employers. Most notably the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

## **3.0 Outstanding Data - Progress**

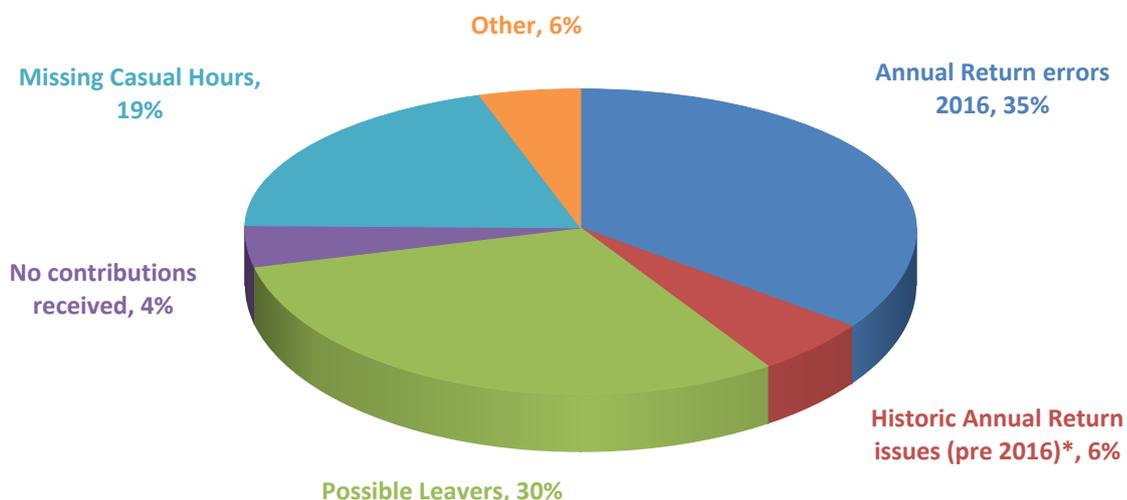
- 3.1 The Fund has and continues to take a number of actions to engage with employers to improve the quality of the data held. These include:

- 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

- 3.6 In September 2016, work was completed to issue individual employer analysis of the 2016 return and other outstanding data to employers. Following the completion of this process, a baseline of approximately 24,000 outstanding data items has been identified. The typical known issues to date include, missing notifications for joiners and leavers, missing hours for casual workers, historic errors from previous annual return processes, and records with no contributions recorded.
- 3.7 Work is now underway to work with employers to monitor and review progress in reducing these data items. This includes the production of individual data improvement plans with our larger employers, and setting up agreed monitoring processes. As at the end of October 2016, an overall reduction of 13% has been achieved across the employer base, with just under 30,000 issues remaining to be resolved.



## REDUCTION IN OUTSTANDING DATA ITEMS



3.8 The Fund is working with employers to support an 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.

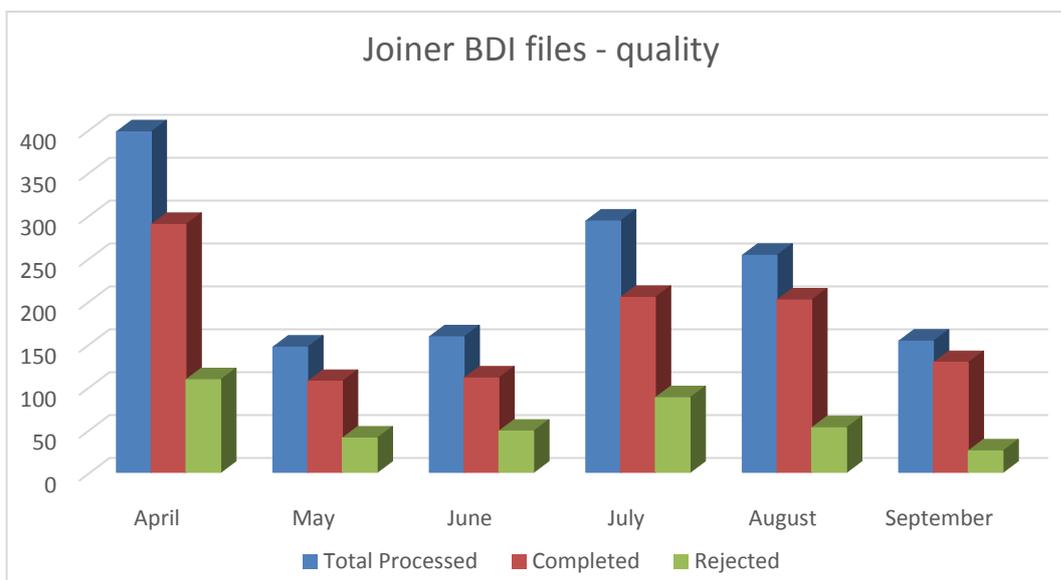
#### 4.0 Employer performance against the Pension Administration Strategy

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

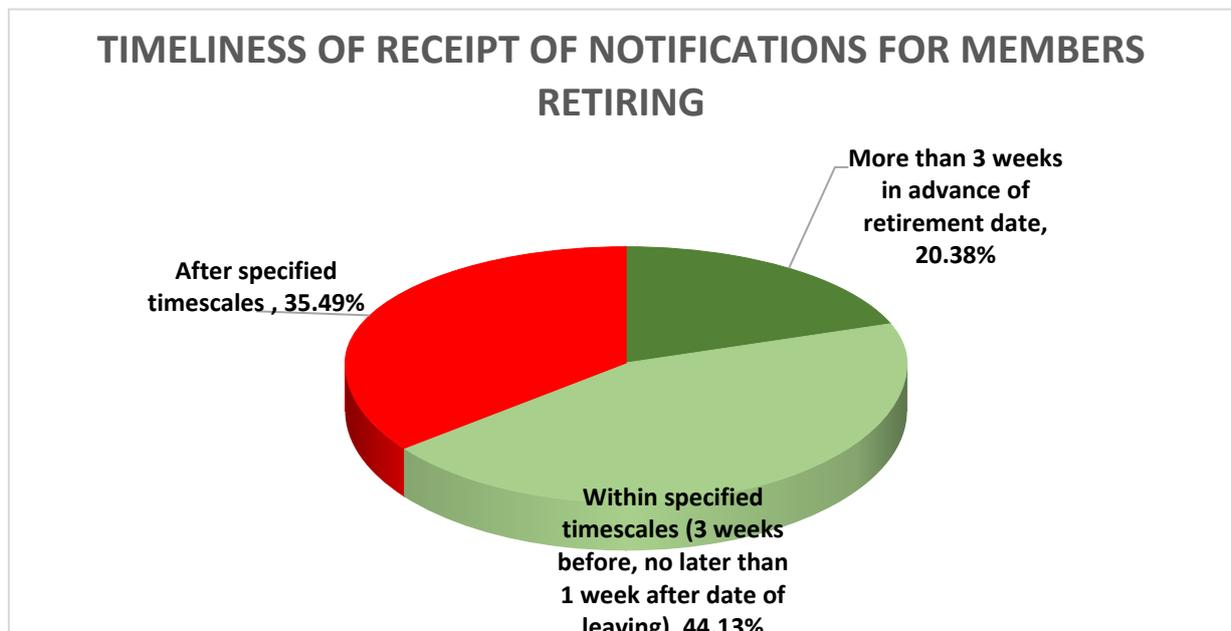
4.2 From April – September 2016 the Fund received a total of 1400 bulk joiner files from employers. On average the Fund rejected 25% of the joiner data files received due to the quality of the data provided, this can be due to missing mandatory fields or incorrect formatting. Employers are required to notify the Fund of new joiners to the scheme within 6 weeks of a member joining. On average from the files submitted from April – September 2016, the average timeframe was 4 months and 1 day.

4.3 The Fund monitor on an individual employer basis the reasons for and volume of files being rejected and these will be fed back to employers on a quarterly basis.



4.4 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.

- 4.5 From April – September 2016, 65% 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. An average timescale of 5.77 days (following the date of retirement) was achieved across all employers.



- 4.6 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.
- 4.7 The employer performance for the 2016 annual return process was reported in the Data Quality report for the September Committee meeting. Work is underway to review the process and performance of responding to queries raised by the Fund. This is being managed as part of a wider review to improve efficiency and accuracy of data at the point of submission.

## **5.0 Transition to monthly data and contribution submissions with employers**

- 5.1 To support with improving data quality going forward, the Fund is transitioning to more frequent exchanges of data with employers. The aim will be to receive one file (in a standard format) a month (by 19<sup>th</sup>) from employers which will consolidate three current methods of data exchanges with employers. This monthly submission will enable the Fund to process new joiners, member changes, post employee and employer contributions, identify leavers and produce a financial remittance advice on a monthly basis.

- 5.2 This regular exchange of data with employers will improve the quality of the data held by the Fund and automate the financial reconciliation process. It is envisaged that it will also reduce the volume of work required by employers to meet their statutory requirements and the number of individual processes to be completed by the Fund. It must be noted that these efficiencies will be realised in the long term, and this is a fundamental change to the way the Fund and employers exchange data and will require significant input from both parties during its implementation.
- 5.4 During September - November, the Fund has held a number of workshops with employers about the upcoming transition to monthly submissions. These sessions were well attended and in total, 130 representatives from 121 organisations attended these sessions. These sessions provided an overview of the benefits and efficiencies we anticipate employers will see from this change and what the process will involve for employers. The sessions were well received by employers and 100% of attendees found the sessions useful. In addition, the Fund have received interest from a number of employers to be involved in piloting the new functionality in early 2017.
- 5.5 The Fund are currently testing the new functionality, and will be piloting the new process with a range of employers from January 2017. The new process will be live from April 2017, with all employers transitioned by September 2017.

## **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 is in the process of issuing 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.
- 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**

9.1 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 West Midlands Pension Fund, Pensions Administration Strategy 2015

<http://www.wmpfonline.com/CHttpHandler.ashx?id=6944&p=0>

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>