

# Pensions Committee

22 March 2017

<b>Report title</b>	Data quality and employer performance – quarterly update	
<b>Originating service</b>	Pension Services	
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## 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)
3. Four employers have been reported to the Pension Regulator for non-return of 2016 annual scheme data by the statutory deadline.

## **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).

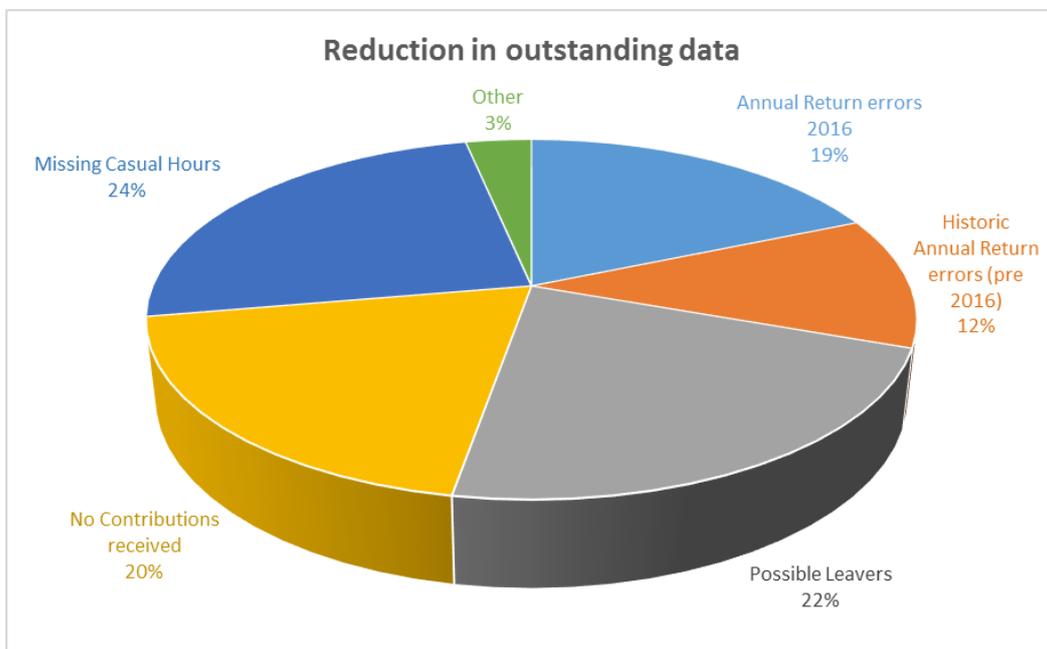
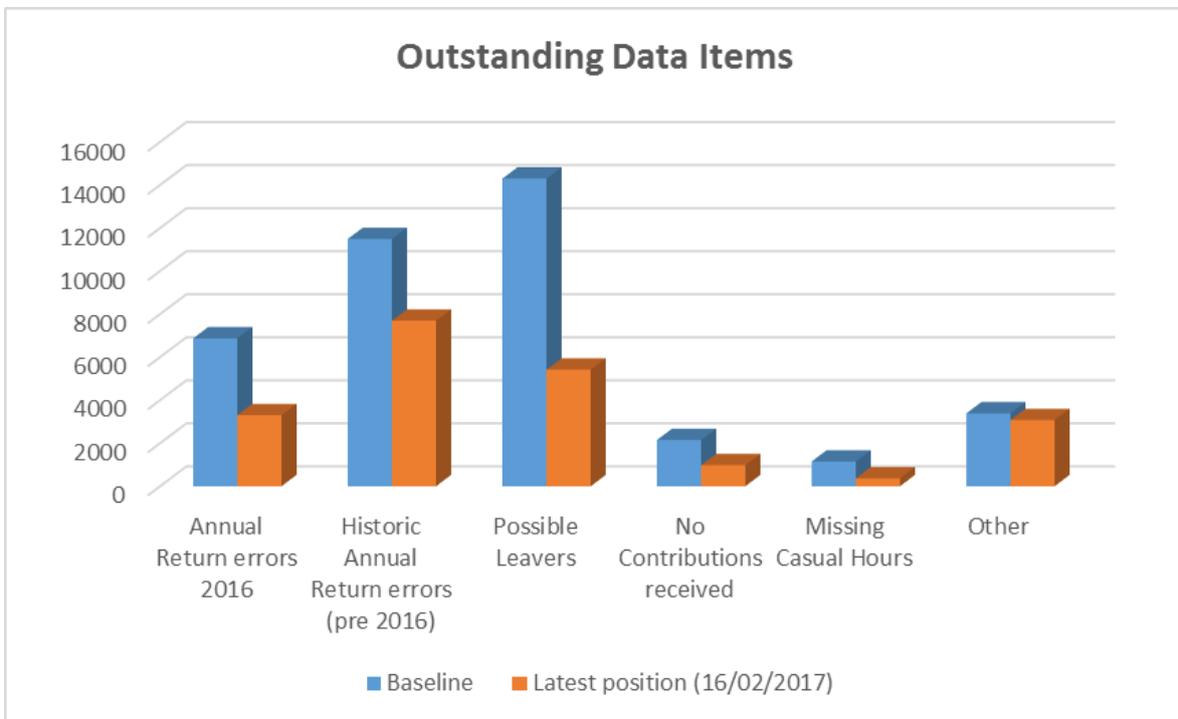
## **2.0 Background**

- 2.1 The Fund has always placed the retention of good quality data high on its list of priorities, however the importance has heightened so as to improve efficiency and comply with the Pension Regulator's (tPR) closer scrutiny in this area applied with effect from April 2015.
- 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), which has recently been reviewed for implementation in 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 the data held. These include:
- Detailed review of the errors encountered in the annual return process and monitoring progress against resolving these errors
  - 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 outstanding data items was 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 The Fund continues 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 middle of February 2017, an overall reduction of 48% has been achieved across the employer base, with just over 20,000 issues remaining to be resolved.



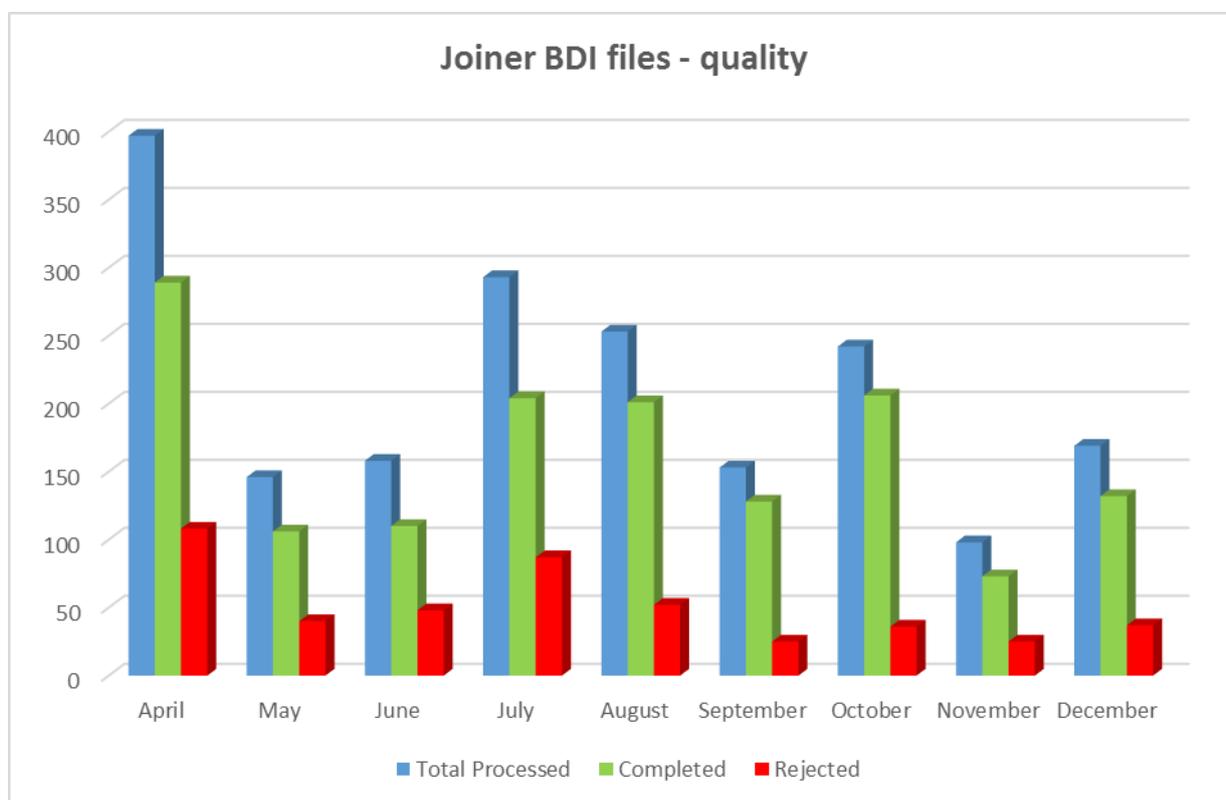
3.8 The Fund is working with employers to support the acceleration in the reduction of outstanding data. Regular updates and meetings are being held with key employers and performance is being monitored on a regular basis. In addition, work is currently underway to focus engagement with those employers where progress could be improved.

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

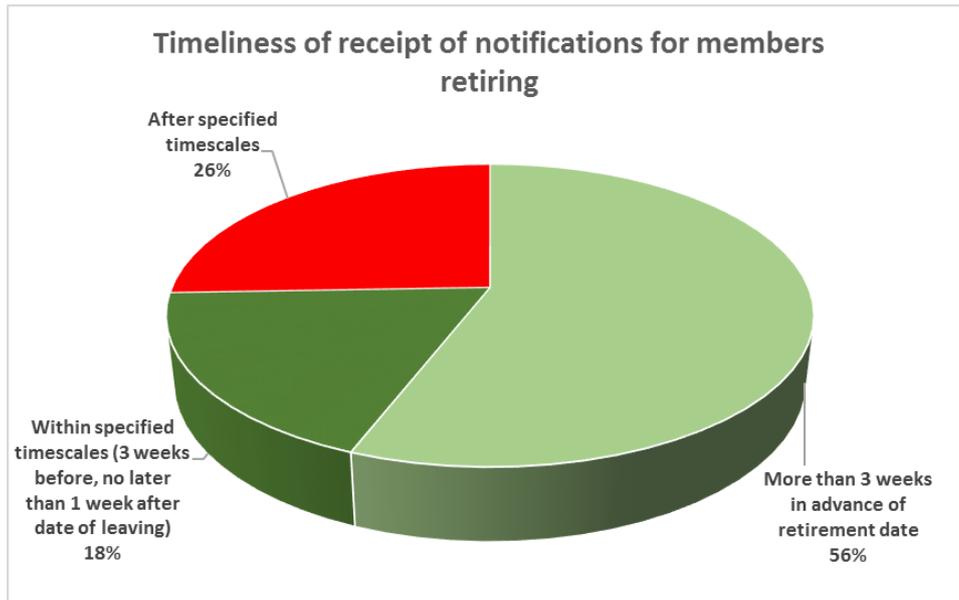
4.1 Alongside monitoring outstanding data items, the Fund is reviewing and enhancing the performance management framework for performance against the employer standards specified in the PAS. The performance standards focus on timeliness and quality and covers, but is not limited to, the following key areas:

- Submission of joiner information
- Notification of leavers (early leaver and retirees)
- Submission of annual return data
- Response to queries raised by the Fund

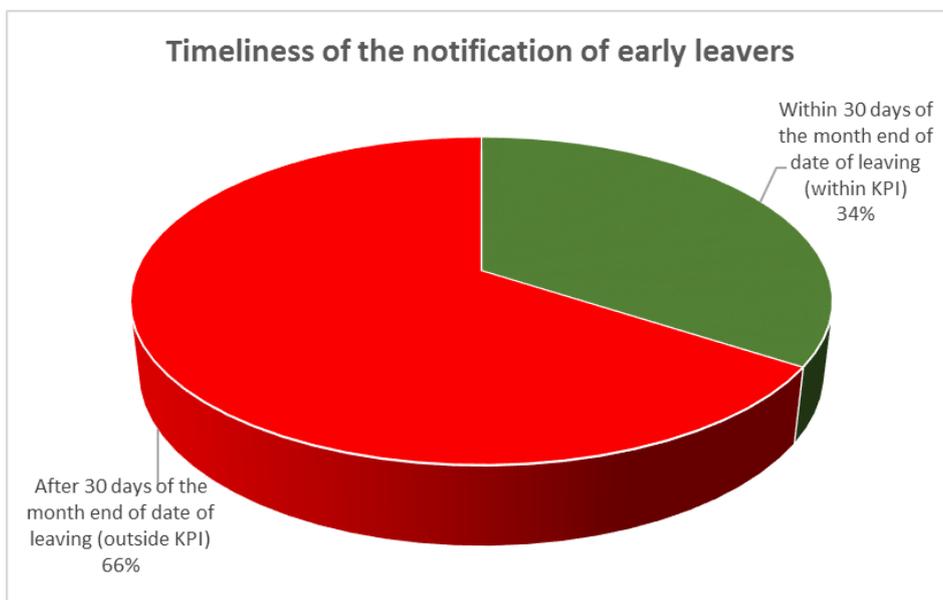
4.2 From April – December 2016 the Fund received a total of 1907 bulk joiner files from employers. On average the Fund rejected 24% of the joiner data files received due to the quality of the data provided, this can be due to missing mandatory fields or incorrect formatting. Employers are required to notify the Fund of new joiners to the scheme within 6 weeks of a member joining. On average from the files submitted from April – December 2016, the average timeframe was 7 months and 2 weeks.



- 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 – January 2017, 74% 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 6.79 days (following the date of retirement) was achieved across all employers.



- 4.6 From April – January 2017, 34% 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 152 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 Overall, from April – December 2016 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 retirement notifications has shown a slight decrease since April. This is detailed in Appendix A.
- 4.8 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.
- 4.9 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.
- 4.10 A further area in which the Fund monitors employers is in regards to the timeliness of the submission of their annual return data and accompanying final statement, which details the earnings and contributions paid in the scheme year for all active members. It is a regulatory requirement for employers to provide this information to the Fund to enable the calculation of CARE benefits. Despite a series of attempts to reach a handful of employers whose 2016 annual return and/or final statement remains outstanding, four employers have been reported to the Pensions Regulator (tPR). This includes, Integral (2x employers), Catering Academy and Charles Cuddy Walker (now known as North Walsall Academy).
- 5.0 Transition to monthly data and contribution submissions with employers**
- 5.1 As previously reported, 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>), consolidating 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.

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5.4 At the end of January a pilot was launched with approximately 70 employers to enable the testing of the process for both employers and the Fund. Feedback from employers will be used to enhance the process, through the production of further guidance or amending the process. Questions raised by employers during the pilot will also be developed into an FAQ's document for other employers to review.

5.5 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 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.

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 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.

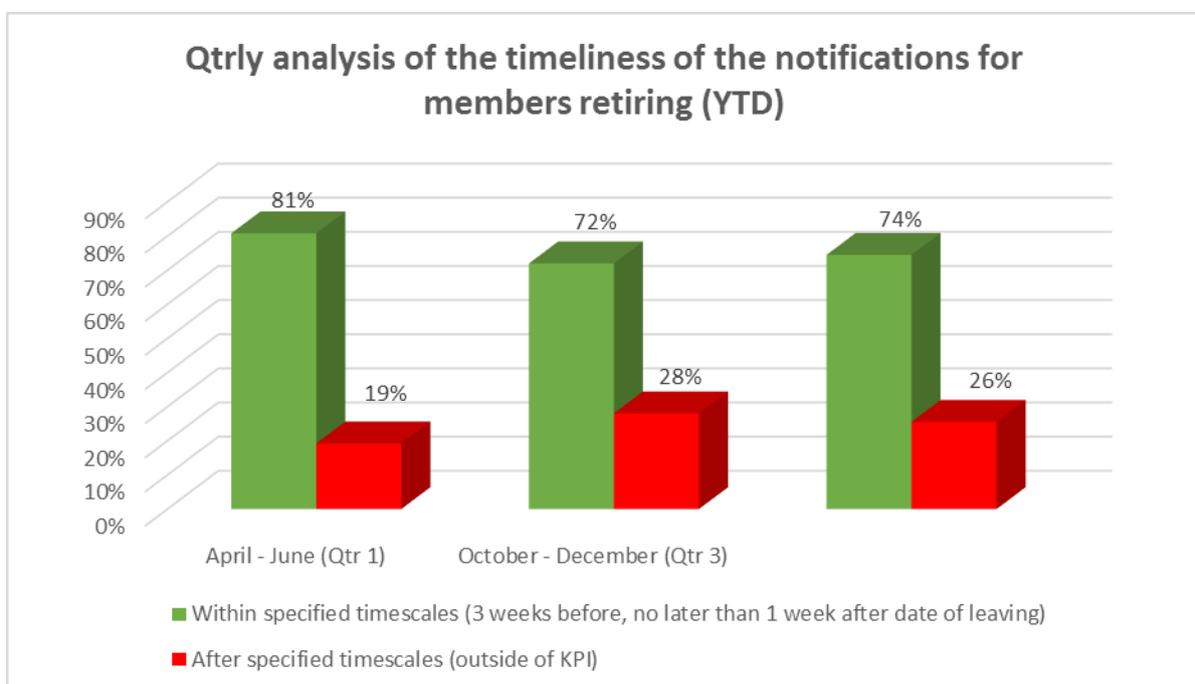
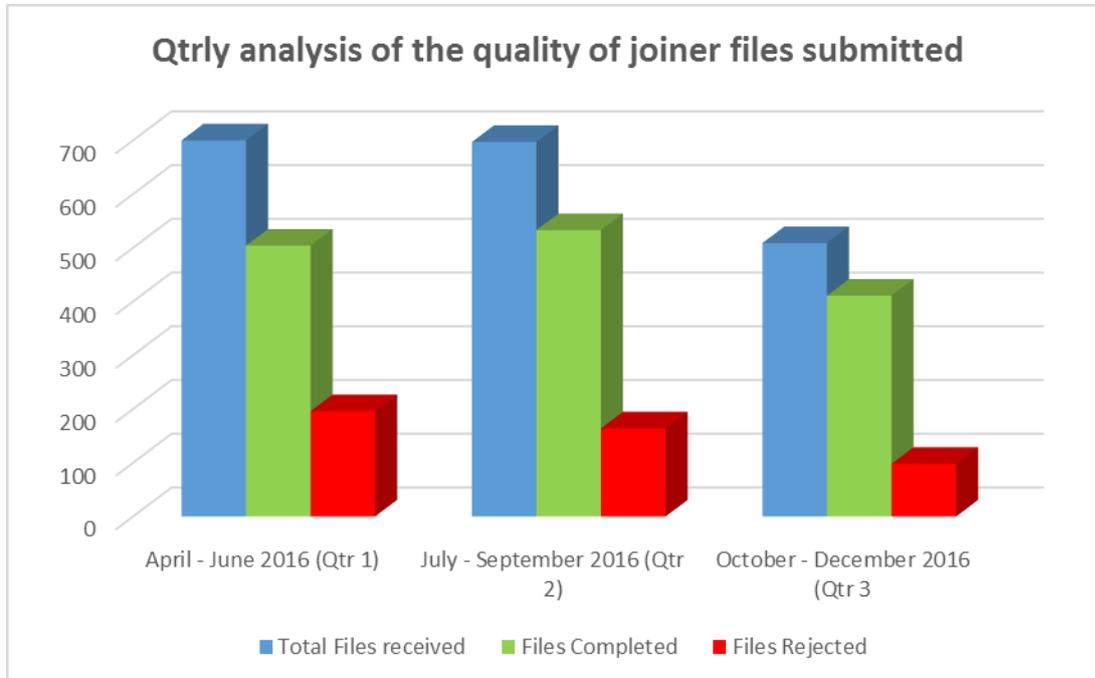
<http://www.lgpsboard.org/index.php/about-the-board/board-guidance>

## **13.0 Schedule of Appendices**

13.1 Appendix A

## Appendix A

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



### Qtrly analysis of the timeliness of the notifications for members leaving early (YTD)

