

# Pensions Committee

6 September 2017

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

The Committee is asked to note:

1. The quality of data held by the Fund in comparison to the standards set by the Pensions Regulator
2. The work of the Fund to improve the quality of data held
3. The ongoing monitoring of Data Quality of the Fund

## **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 for the action the Fund is talking with employers to improve data.

## **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 (TPR) together with the forthcoming changes in Data Protection legislation.
- 2.2 In its recent survey, the TPR stated its disappointment with the quality of data held by large pension schemes reinforcing their statement that record keeping was essential to the good running of a scheme. It further stated that it was not going to be lenient on Funds that failed to manage their data.

## **3.0 Quality of Data at West Midlands Pensions Fund (WMPF)**

- 3.1 The TPR places an obligation on Funds to undertake an annual data review in order to assess the quality of its data for both common (data which is applicable to all schemes) and conditional data (data which is specific to each scheme). Funds are also expected to have in place a robust data plan to address any issues identified during this review. At the last review, the Fund held (99.55%) common data and (97%) conditional data.
- 3.2 Areas which are highlighting as common areas for data inaccuracies are in relation to active members with no earnings in the last 12 months (these are flagged as possible leavers), and members where we have not received basic salary information from the employer
- 3.3 The Fund classifies this data as “Business As Usual” Data as it is information the Fund requires to undertake the normal day-to-day processes (such as processing new joiners/leavers).
- 3.4 Committee will be aware that the Fund has recently completed its 2017 Annual Return process with employers. This is data the Fund needs on a yearly basis as at 31 March in order to reconcile the information it holds before issuing members with a benefit statement.
- 3.5 This year, the Fund received all but 9 Annual Return files of data from its employers with 97% received within the deadline by the end of June, and is currently working with those employers to produce their data. From the information the Fund received, it showed a reduction in error rate of over 11% from the 2016 Annual Return process and the Fund was able to return those error files to all employers with feedback to review 2 months ahead of its own deadline.

## **4.0 Action by the Fund**

- 4.1 Due to the increased focus on Data Quality the Fund has recruited two Data Managers to lead the Business Performance and Data team which has increased in size by 10 staff members since last year. This highlights the importance the Fund has placed on data management. The role of the Data Managers will be to review the data at source, and will act as a direct link for the Employer Relationship Team to report and liaise on data quality with employers aiding in the efficiency of processing member benefits and individual requests.
- 4.2 Having considered the data errors the Fund deals with at the end of each year in the annual returns process, the greater scrutiny from the TPR in relation to data quality and with the changes coming in to Data Protection, the Fund wants to ensure it is in the best possible position to ensure our compliance but also to provide assurance to members that their data is well managed and protected.
- 4.3 Moving forward the fund is moving to monthly returns from employers when they will be required to submit their employee data on a monthly basis to the Fund. The aim is to ensure the accuracy of data held by the fund throughout the year identifying and addressing any issues early on, thereby improving both the member and the employer experience.
- 4.4 To assist with this process the Fund has offered employers the opportunity to start their monthly submissions before the September deadline and to date 225 employers have started submitting their data. We expect to see a substantial increase in the work in this area when all employers go live in September and have ensured the team resource is increased and officers trained to help manage this work.
- 4.5 As the Fund moves to monthly submissions from employers, it will have the ability to review and assess in much greater detail the quality of information coming from employers. It is proposed to review the reporting of Data Quality in line with the availability of information as the Fund seeks to implement employer performance monitoring through the creation of dashboards. This will enable the Fund to have greater visibility of individual employer data and address more specifically any issues which may arise.

## **5.0 Engagement with employers**

- 5.1 The TPR recently reported it had fined a Local Authority for failing to provide its Annual Return.
- 5.2 The Fund works closely with its employers and has recently appointed a Relationship Management Officer to take the lead on employer discussions including data quality. The role will be supported by the Data Managers and will work closely with the Employer Relationship Team to engage and communicate with employers on the fund expectation and obligations under the Regulations.

5.3 Together they will play a key role in delivering dashboard performance reports and following up on any issues identified with individual employers. They will also, if necessary, and in line with the Pension Administration Strategy, consider charging for any additional work required by the Fund as a result of poor employer performance.

## **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. The Fund is also looking at 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 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

## **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 None