



# Pensions Board

23 January 2018

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

The Board is asked to note:

1. The action taken by the Fund in line with the Pension Administration Strategy following review of the 2017 annual return and performance against set standards.
2. The progress of monthly submissions and the impact on data quality this has had for the Fund
3. The next steps for engagement and continued improvement

## **1.0 Purpose**

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

## **2.0 Background**

- 2.1 Recently the Fund launched its program of monthly submission 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.
- 2.2 Monthly submissions require employers 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.
- 2.3 To assist with this process the Fund offered employers the opportunity to start their monthly submissions from April 2017 with a view for all employers going live by September, with a deadline for producing their first monthly file of 19 October.

## **3.0 Monthly Returns Performance and Outcomes**

- 3.1 By December 2017, 555 employers had started to submit their monthly data. We are in the process of engaging with the remaining employers in respect of their outstanding submissions and offering support to them in this process, the outstanding employers represent less than 10% of the Fund's active membership. An analysis of the outstanding files, shows a trend that certain payroll providers have not submitted data files on behalf of their clients and we have targeted these providers as a priority.
- 3.2 The average error rate of the data files, received so far, is 15%. The errors are analysed by the data team and resolved, where possible. The fund then feeds information back to the employers which once applied to their payroll system will result in a decrease in errors for future monthly submissions. The feedback also includes requests for joiner and leaver information, identified as outstanding. This will be monitored with a view to reducing errors and increasing efficiency by reducing the latency in notifications to the Fund.
- 3.3 In requesting monthly data submissions from employers, the fund benefits from receiving member updates and financial data in a timely fashion. For instance, new employee joiner data is automatically extracted from the employers' payroll systems each month and name and marital status changes are also applied immediately. Through this process the Fund is aiming to ensure timely receipt of outstanding data from employers and member data in sync between the pensions administration system, UPM and the employers' payroll systems. We have received positive (informal) feedback to date on the

employer benefit from engaging in the monthly submission process, which amalgamates four existing processes into one, providing them with a monthly financial summary, a reconciliation derived from the monthly member financial data and the ability to submit bulk changes where previously an individual member update would have been required.

- 3.4 To date a number of meetings have been held with individual employers with tailor made reports being produced to highlight specific issues. This engagement will continue through the initial stages of the monthly returns program and the Fund will closely monitor the progress of employers in this area. The timely updating of member's records and resolution of queries during the year will improve the standard of data available in the processing of leaver and retirement benefits
- 3.5 The monthly submission program aims to reduce the number of cases where benefit statements cannot be issued, and enable greater member self-service through the portal ensuring members benefit from timely and accurate benefit statements to assist in retirement planning. The Fund is aiming to be in a position to issue most active member benefit statements ahead of the statutory deadline in 2018 and further detail will be provided in future reports.

#### **4.0 Annual Returns**

- 4.1 Employers are required every year to produce an Annual Return file which allows the Fund to reconcile its member data before producing Annual Benefit Statements in August.
- 4.2 In compliance with the fund's Pension Administration Strategy (PAS) the Fund is able to charge employers for late submissions and poor-quality data. The Data Quality threshold is set at a permissible 5% error rate of their total Active Membership with a daily rate applied to late submissions. Although there was a significant improvement in the timeliness of receipt of annual returns, the quality fell short of the 5% threshold in a number of cases.

Having considered the fairest application of charges, the Fund has set a standing charge of £250 (pro rata depending on employer size). This has resulted in Data Quality Charges being issued for the 2016/17 Annual Returns period range from £21 to £18,000. Overall 261 employers will be written to with regards their performance relative to the Pension Administration Strategy for the 2016/17 financial year. The Fund has determined that charges of less than £20 will not be issued. The charging structure will be reviewed each year as we begin to see the impact of monthly returns.

4.3 As noted in the Customer Engagement Report, the Fund is developing Employer Performance Dashboards to provide transparency and a cumulative view with regard to business as usual processes and data we hold in three key areas:

- Early Leavers (Deferments)
- Retirements
- Outstanding data items relating to the Annual Returns process (rolling into the Monthly Returns Process as of October 2017).

This is intended to highlight at an early stage potential risks in discrepancies between the Fund and employer membership records, focusing particularly on late notifications. An example dashboard (with dummy information) is attached at Appendix One.

Attached at Appendix Two is an overview of employer performance for Data Quality showing accuracy and timeliness of the information submitted.

## 5.0 Action by the Fund

- 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 with the provision of employer dashboards. The Fund is developing a program of engagement to launch the new dashboards as well as changes to employer processes in April 2018.
- 5.2 The Pension Administration Strategy will continue to be reviewed as a live document, continuing to build on the current framework for policy and performance standards with a full review of the recharge structure for monthly returns, late submissions and data quality standards ensuring the additional costs of managing poor data are recovered 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. As noted in the Regulatory Update report, the Fund has undertaken a digitisation exercise with its microfiche records and will shortly commence a program of Deferred Member Tracing to ensure our records are accurate and up to date at the point of retirement. The Deferred Member Tracing will start a 3 year rolling program to trace Deferred Members due for retirement in the forthcoming 3 years with the aim of encouraging registration to the Fund's Pensions Portal and self-service platform.
- 5.4 Looking forward the Fund is in the process of reviewing its Customer Engagement Program for 2018 and employer engagement will be a key piece of this work as we continue to deliver employer coaching to support employers in using administration processes
- 5.5 Through this 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 where identified issues exist. In conjunction with the Benefit Operations and Payroll Managers the Fund's Data Team have commenced development of a Data Improvement plan led by a 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 Three is the Fund's Data Improvement Plan Policy created in line with guidance issued by the Regulator.

## **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 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 Pension Administration Strategy  
<http://www.wmpfonline.com/CHttpHandler.ashx?id=12350&p=0>

## **13.0 Appendices**

- 13.1 Appendix One  
Example Employer Dashboard
- 13.2 Appendix Two  
Overall employer performance for 2017 Annual Return
- 13.3 Appendix Three  
Data Improvement Plan Policy