

Pensions Committee

20 June 2018

Report title	Data Quality and Employer Performance	
Originating service	Pensions (Governance and Corporate Services)	
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Recommendations for noting:

The Committee is asked to note:

1. The implementation of monthly submissions as business as usual
2. The quality of data held by the Fund and the comparison on quality for the 2016/17 and 2018/19 year.
3. The performance of employers in the area of data quality
4. The revised Data Improvement Plan and preparations for 2018 Annual Benefit Statements

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 on the action the Fund is taking with employers to improve scheme record keeping and enable issue of benefit information to members.

2.0 Background

- 2.1 All Local Government Pension Schemes collect and hold records about scheme members' identities, personal data, pay and their time in the scheme in order to calculate and pay out pension benefits.
- 2.2 Record keeping is a vital part of running a scheme and failure to maintain complete and accurate records means the Fund is at risk of failing to meet its legal obligations. Crucially, it can affect the Fund's ability to complete basic functions such as paying members the right amount at the right time and issuing annual benefit statements as required under the Local Government Pension Scheme Regulations.

3.0 Monthly Submissions

- 3.1 Following the introduction of monthly submissions in April 2017 (with all employers going live from September 2017), the Fund has successfully received the majority of all monthly files expected from employers. This is a significant achievement by the Fund and our employers and highlights the collaboration and commitment of both to deliver a high-quality service to our members.
- 3.2 Those employers who have not submitted a monthly file, are either small employers (with 1 or 2 employee records that can easily be rectified) or are employers who changed payroll provider during the financial year (known limitations) for whom the Fund has granted an extension to their "go-live" date to enable them to implement the change with their new payroll provider.
- 3.3 Having now established the monthly submissions process, the Fund is reviewing the project to identify lessons learned and areas for further development. It has also reviewed the performance of the Fund and employers in relation to timescales for the submission and return of analysed data files and has developed both internal and external Key Performance Indicators to monitor the delivery of monthly submissions. The KPI's have been developed in line with the Fund's Pension Administration Strategy and Employer Engagement Roadmap, all of which inform the ongoing development and review of the Fund's Data Improvement Plan.
- 3.4 Engagement continues with Fund employers with face-to-face meetings ongoing with our larger employers. Through its active engagement, the Fund receives regular feedback and will shortly be submitting its annual survey to employers to develop our understanding of areas for further development. Further detail on the Fund's work in this area is outlined in the Fund's Customer Engagement Report.

4.0 Year on Year comparison

- 4.1 Since introducing monthly submissions in 2017, the Fund has been monitoring the progress of employer files uploaded as part of their data submissions month on month. For the year 2017/18, the Fund has seen a 53% increase in the quality of data received from employers than the same time last year (under the Annual Returns process) with the overall error rate dropping from 9.29% to 4.92%. This is a significant improvement in the quality of information being received from employers for current data (i.e. data relating to the current financial year).
- 4.2 The main areas of concern remain with identification of possible gaps in notifications of those leaving the scheme during the year, with 75% of overall errors falling into this category. Possible leavers are where the Fund has a record for a member, but that member is no longer showing on the employer monthly file, this raises a query as to whether the member has left the employment of the employer and flags as an error on the monthly file until the leaver query has been resolved.
- 4.3 One of the benefits of monthly is that we are now able to identify and raise discrepancies earlier and throughout the year which is expected to lead to swifter resolution.

5.0 Employer Performance

- 5.1 In line with the Pension Administration Strategy (PAS), the Fund monitors employer performance against data quality on both timeliness and accuracy of information provided. The PAS monitors not only the submission of information through the monthly submissions process, but also performance in relation to business as usual data queries, those that arise at the point of processing a member's benefits.
- 5.2 While the performance of monthly submission files has been really positive, the trend in historical data (data which pre-dates the current financial year) has not followed suit and the Fund is aware that where employers are putting resource and commitment to the monthly submission process, business as usual activities have been impacted. Outstanding data items identified from many of the 2017 Annual Return (which were fed back to all employers by June 2017) remain and work is ongoing by employers and the Fund to review and process these records.
- 5.3 During the 2017/18 year only 35% of leaver notifications are received within the target timescale and only 45% of retirement notifications. This represents an improvement relative to 2016/17 but is still below the target level set. The Fund stressed at its employer Mid-Year Review event in May the importance of these timely notifications to ensure the Fund is able to provide members with the information they need at the time they need it. This message continues to be delivered in the Fund's Employer Briefing Note which is created and distributed quarterly to employers.
- 5.4 Historic data queries with employers (historic is classified as anything that pre-dates the previous financial year (31 March 2017) are being fed back to employers each month with their monthly submission data queries.

5.5 Targeted workplans are being developed with the Fund's larger employers or those with the highest error rate. This includes the production of a dashboard summary sheet which note the main areas of focus for employers as the Fund moves towards the production of annual benefit statements.

6.0 Data Improvement Plan and Preparations for Annual Benefit Statements

6.1 In compliance with its statutory obligations, the Fund must produce an Annual Benefit Statement for all members by 31 August each year stating their benefit entitlement as at 31 March.

6.2 The Fund is currently in the process of preparing for the 31 March 2018 benefit statement production and is assessing its ability to produce accurate statements to all its members through analysis of the quality of data held by the Fund.

6.3 Committee will recall that last year, the Fund took the active step to report itself to the Pension Regulator (TPR) on the issuance of 79% of its active member benefit statements by 31 August 2017 and since that time work has been underway to improve the production of statements through the development and delivery of our Data Improvement Plan.

6.4 The production of annual benefit statements follows a series of activity to review and update member records. Routine employer notifications and data feeds are validated (pre-2014 membership is linked to final salary and up to date CARE pensions calculated) with current and future benefit illustrations being prepared for inclusion on annual benefit statements. The statements are reviewed as an annual exercise to confirm the information they present together with any explanatory notes and are uploaded to our member Pensions Portal. To maximise the delivery of the 2018 annual benefit statements the Fund will be implementing a rolling benefit statement project which will see a weekly cycle of benefit statements being produced to provide an extended timescale to resolve and rectify queries raised with employers. This cycle will continue to run until December 2018.

6.5 To assist in the delivery of annual benefit statements, the Fund continues to develop its data improvement plan which seeks to identify the main areas of focus in response to actions identified from data review. The data improvement plan continues to be a live document and has recently been amended to reflect these areas of focus. A copy is attached at Appendix 1.

6.6 In addition to this overarching improvement plan, through the engagement with the largest employers, the Fund has also developed individual employer data improvement plans which are being presented at face-to-face meetings with the aim of focusing on those areas required for the delivery of benefit statements to those employer's members by 31 August, and highlighting those areas which need improvement by 31 March 2019 when the Fund will begin work on the 2019 Actuarial Valuation.

6.7 In addition to review of incoming data and information from employers, a wider review of scheme data is obtained from a common and conditional data review report embedded in the Fund's pension administration software system, UPM. This is routinely run and will be developed as work continues at a national level to determine standard conditional data set across the LGPS. Common data refers to information required by all pension schemes, (names, DOB, address), conditional data refers to scheme specific data and includes pay and hours. Further information on the work in this area will be presented to September Pension Committee.

7.0 Financial implications

7.1 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.

8.0 Legal implications

8.1 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.

8.2 The Fund is able to recharge employers (to cover any costs incurred) through its pension administration strategy.

9.0 Equalities implications

9.1 The Data Improvement Policy has been written in compliance with the Equalities Act 2010 and has been assessed under GDPR via a Privacy Impact Assessment.

10.0 Environmental implications

10.1 There are no implications

11.0 Human resources implications

11.1 There are no implications

12.0 Corporate landlord implications

12.1 There are no implications

13.0 Schedule of background papers

13.1 There are no background papers.

14.0 Schedule of Appendices

14.1 Appendix 1 - Data Improvement Plan