



## Local Pension Board

3 February 2022

<b>Title</b>	<b>Data Improvement Plan and Historical Leavers</b>
<b>Report of</b>	Director of Finance
<b>Wards</b>	N/A
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	None
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<b>Summary</b>	
This paper provides the Local Pension Board with an update on the data improvement plan and historical leaver exercise, together with details of the data preparations for the 2022 triennial valuation.	

## Officers Recommendations

The Local Pension Board are requested to note the progress on the correcting of the member data and the historical leaver exercise.

## 1. WHY THIS REPORT IS NEEDED

- 1.1 The presence and quality of data is a vital component to ensuring that benefits calculated and paid to pension scheme members are correct.
- 1.2 The administrators, West Yorkshire Pension Fund (WYPF), inherited data from the previous administrators that requires correcting and updating to ensure it is up to the standard required to accurately calculate benefits and conform with the data quality requirements of The Pensions Regulator (TPR).
- 1.3 WYPF have produced a data improvement plan ("the plan") to get the data up to the required levels. In addition, Officers and WYPF are working together to ensure that these historical leavers are processed.
- 1.4 In addition, WYPF inherited a large number of historical leavers that had not been processed by the previous administrator.
- 1.5 It is important that both the data improvement plan and progress on the historical leavers is reviewed regularly by the Board.

### Data Improvement Plan

- 1.6 Officers continue to monitor and work with WYPF on the Data Improvement Plan to correct the issues inherited from the previous administrator. WYPF provide monthly data quality update reports to Officers, which gives the number of data items within the data improvement plan that still require updating.
- 1.7 Initially, there were **c28,500** data items that needed to be reviewed and updated. At the end of December, this had reduced to **c13,000**. As WYPF review the data, they sometimes find additional data items that need updating that were not originally identified.
- 1.8 This is particularly true for active member data, where missing earnings data has more than doubled recently up to **c1,050** data items. The reason for this is as the administration team process more historical leavers, they are finding that the earnings data is not complete and are therefore having to obtain this information from employers. As more of these leavers are processed, it is possible that more incomplete earnings data is identified, meaning the data numbers may increase in the short term.
- 1.9 Officers have met with WYPF to see if there are areas in the data improvement plan that can be updated in bulk or where there are "quick wins", where data can be updated easily to speed up the process.
- 1.10 WYPF have identified four data areas where their IT Team are looking to update records in bulk, which should see a sizeable reduction in the data items that need correcting.

These include:

- **c5,500** items of pensioner data relating to “benefit crystallisation” events, which may be sent to pensioners annually or if they retire any from another pension arrangement.
  - There are also **c920** Guaranteed Minimum Pension (GMP) data items, which are important to ensure that both the correct benefits are paid, and pension increases applied.
- 1.11 There are also **c700** missing addresses (mainly for deferred members). WYPF will undertake a tracing exercise possibly in late 2022 for these members.
- 1.12 In addition, WYPF will soon be testing “character recognition” software, which could help them to obtain the missing data from the scanned images on members records. At present, the only way to look for this information is for the administration team to look through the scanned records, which can take up to a couple of hours for each member, depending on the number of scanned records on file.
- 1.13 This software will be tested in early March, and an update will be provided to the Board on the results at the next meeting.
- 1.14 Officers and WYPF have agreed that there are some items of data where it could be classed as “nice to have” rather than vital. This is particularly relevant for missing pensioner data where benefits are already in payment.
- 1.15 Therefore, WYPF will not look to update this data as part of the data improvement plan project, unless there is member activity where this is required.
- 1.16 WYPF also provide update on both the common and conditional data scores. These data scores are a method for measuring quantity of data and are reported to TPR in the Scheme Return.
- 1.17 A summary of progress in terms of the TPR data scores is shown below:

Month	TPR score - common	TPR score - conditional
February 2021	95.79%	41.27%
March 2021	95.81%	43.64%
April 2021	95.75%	64.08%
May 2021	96.10%	67.95%
June 2021	96.24%	69.33%
July 2021	96.47%	74.47%
August 2021	96.45%	75.77%
September 2021	96.59%	76.55%
October 2021	96.60%	76.92%

November 2021	96.23%	76.97%
December 2021	96.30%	77.62%
January 2022	96.65%	78.91%

- 1.18 These figures show the presence of data held on members' records. Common data is data is needed so that a member can be uniquely identified, such as date of birth and national insurance number. Conditional data is used to calculate the member benefits, such as pensionable salary and service information.

### Historical Leavers

- 1.19 WYPF also inherited **c1,500** "historic leavers" from the previous administrator. Following the work undertaken by WYPF in the Annual Benefit Statement (ABS) process, this number has increased to **c1,950**. As of 13 January, this number had reduced to **c1,400**, of which **1,325** are leavers who left before 1 November 2020 when WYPF took over the administration of the Fund.
- 1.20 Officers are assisting WYPF by providing the information for the historical leavers to WYPF, where possible, on the employers' behalf. Employers have not been able to provide details previously, mainly due to changes in payroll provider.
- 1.20 Officers have also contacted employers who have not sent leaver notifications to WYPF for more recent leavers since April 2021. We have reiterated the importance of sending this information to WYPF within the time limits set out in the Pension Fund Administration Strategy and that if this information is consistently not provided to WYPF within these time limits, we have the option to fine employers and report to TPR.
- 1.21 In addition, Officers, in conjunction with WYPF, are running training sessions, in early February, for employers and their payroll providers on providing leaver data to WYPF. Employers will be reminded again of their responsibilities and the option available to Officers to issue fines. Officers have requested that all employers attend one of these sessions.
- 1.22 A lot of the historic leavers may be due a refund of their contributions rather than be entitled to a deferred pension. This means that they will not be due an ABS. For leavers who are entitled to a deferred pension, it is likely that an ABS will also need to be sent to them.
- 1.23 At present, Officers will not be reporting the non-issuing of ABS's to TPR whilst the historical leavers are being processed. As more members are found to be entitled to a deferred pension (and subsequently an ABS), we will reconsider submitting a report to TPR and will provide a copy to the Board, if submitted.

## **Preparation for the 2022 triennial valuation**

- 1.24 To prepare for the triennial actuarial valuation in 2022, Officers asked WYPF to submit a test run of data to the Fund Actuary, to determine the quality of member data that is required.
- 1.25 This exercise was completed in November and following a report from the actuary which identified the data issues, this was discussed at a meeting with both WYPF and Hymans Robertson. Officers agreed the actions required by WYPF to get this data corrected and updated.
- 1.26 The main issues identified are:
- WYPF do not store details of the members contribution rate on their system (although contributions paid are held). The Actuary requires this information for valuation purposes, but it has been agreed that WYPF will not need to provide these details, which affects all active members, as the actuary is able to use an alternative method for obtaining this information. The main other issue affecting active member data, is missing earnings data, as detailed in paragraph 1.8 above.
  - There are **c800** deferred member data issues with the main item being missing deferred pension data for **675** members.
  - For pensioners, the main issues relate to pensioner increase history.
- 1.27 WYPF are currently working on updating the errors identified and will resubmit the test data on the Hymans Robertson portal in mid-January, so progress can be monitored.
- 1.28 The intention is to repeat this process at least twice more before the final cut of data is submitted to Hymans Robertson in the summer.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 Not applicable in the context of this report.

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 Not applicable in the context of this report.

## **4. POST DECISION IMPLEMENTATION**

- 4.1 Not applicable in the context of this report.

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

- 5.1.1 The Local Pension Board supports the delivery of the Council's strategic objectives and priorities as expressed through the Corporate Plan, by assisting

in maintaining the integrity of the pension Fund by monitoring the administration and compliance of the Fund.

## **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 Not applicable in the context of this report.

## **5.3 Social Value**

5.3.1 Not applicable in the context of this report.

## **5.4 Legal and Constitutional References**

5.4.1 The LGPS Regulations 2013 place responsibility for the local administration of pensions and other benefits under these Regulations on the administering authority, which is the London Borough of Barnet. The Local Government (Amendment) (Governance) Pension Scheme Regulations 2015 inserts regulation 106 into the Local Government Pension Scheme Regulations 2013 which requires the Council to establish a Pension Board, whose role is to assist the Council in securing compliance with legislation, regulation and best practice, including as set out in the Pension Regulator's Code of Practice to ensure the effective and efficient governance and administration of the Scheme and any connected scheme.

5.4.2 Under the terms of reference for the Local Pension Board, the role of the Board is to assist with:

- compliance with LGPS Government regulations.
- compliance with the requirements imposed by the Pensions Regulator.
- such other matters as the LGPS regulations may specify ensure the effective and efficient governance and administration
- ensure the Pension Fund's strategy and policy documents are maintained in accordance with the LGPS Regulations.
- ensure the Pension Fund's internal Risk Register is reviewed at least annually.
- review the Pension Fund's performance in complying with the requirements of the LGPS Regulations

## **5.5 Risk Management**

5.5.1 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met. Good governance and data is essential to managing the risks of the pension fund.

## **5.6 Equalities and Diversity**

5.6.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and

any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

- 5.6.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public-sector equality duty. The ini requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements will benefit everyone who contributes to the fund.

## **5.7 Corporate Parenting**

- 5.7.1 Not applicable in the context of this report.

## **5.8 Consultation and Engagement**

- 5.8.1 Where relevant, consultation and engagement is discussed in the paper.

## **5.9 Insight**

- 5.9.1 Not applicable in the context of this report.

## **6. ENVIRONMENTAL IMPACT**

- 6.1 None

## **7. BACKGROUND PAPERS**

- 7.1 None