



Pension Fund Committee 23 February 2022

Title	Data Improvement Plan and Historical Leavers
Report of	Executive Director of Resources (S151 officer)
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	None
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Summary

This paper provides the Pension Fund Committee 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 Pension Fund Committee 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.
- 1.4 In addition, WYPF inherited a large number of historical leavers that had not been processed by the previous administrator. WYPF and the LBB Pensions Team are working together to ensure that these historical leavers are now processed.
- 1.5 The Local Pensions Board have been updated on both the data improvement plan and progress on the historical leavers.

Data Improvement Plan

- 1.6 WYPF provide monthly data quality update reports to the LBB Pensions Team 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 January, this had reduced to **c13,000**.
- 1.8 The Pensions Team 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.
- 1.9 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 bulk updates are currently being worked on and we will report back to the Committee on the progress at next meeting.
- 1.10 In addition, WYPF will soon start 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.
- 1.11 This software will be tested in early March, and an update will again be provided to the Committee on the results at the next meeting.

- 1.12 WYPF and the Pensions Team 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. There are potentially around 2,000 data items that could be classed as “nice to have”.
- 1.13 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.
- 1.14 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.
- 1.15 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%
February 2022	96.71%	78.58%

- 1.16 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.
- 1.17 As WYPF review the data, they sometimes find additional data items that need updating, that were not originally identified. This is the reason for the reduction in the conditional data score in February and primarily relates to work being undertaken to process the historical leavers.

Preparation for the 2022 triennial valuation

- 1.18 To prepare for the 2022 triennial actuarial valuation, the LBB Pensions Team asked WYPF to submit a test run of data to the Fund Actuary, to determine the quality of member data that is required.

- 1.19 This exercise was completed in November and following a report from the actuary, which was discussed at a meeting with both WYPF and Hymans Robertson, actions were agreed with WYPF to get this data updated.
- 1.20 WYPF resubmitted the data in late January and the actuary has produced another report detailing the data issues that still require WYPF to work on. There are still **c2,750** data items still classified as “critical errors” by the Actuary. The Pensions Team will shortly be meeting with WYPF again to confirm the “Top 10” data items that are classed by the actuary as most critical to the results of the valuation, so ensure that these are updated as a priority.
- 1.21 The intention is to repeat this process at least once more before the final cut of data is submitted to Hymans Robertson which is likely to be at the end of July.

Historical Leavers

- 1.22 WYPF inherited **c1,500** “historic leavers” from the previous administrator, which increased to **c1,950**, following the work undertaken by WYPF in the Annual Benefit Statement (ABS) process. As of 2 February, this number had reduced to **c1,400**, of which **1,317** are leavers who left before 1 November 2020 when WYPF took over the administration of the Fund.
- 1.23 The LBB Pensions Team are assisting WYPF by providing the information for the historical leavers to WYPF, where possible, on the employers’ behalf. Employers have not previously been able to provide details, mainly due to changes in payroll provider.
- 1.24 The Pensions Team 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.
- 1.25 In addition, the Pensions Team, in conjunction with WYPF, ran training sessions, in early February, for employers and their payroll providers on providing leaver data to WYPF. Employers were reminded again of their responsibilities and the possibility of fines being issued. It was requested that all employers attend one of the training sessions and there was a good attendance.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Not applicable

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Not applicable

4. POST DECISION IMPLEMENTATION

4.1 Not applicable

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 By monitoring the performance of the pension fund administrators, good management of the Pension Fund is maintained. This is because the cost of providing benefits will be equitably split between all employers, thus enabling funds to be directed to Council priorities as set out in the Council's Corporate Plan for 2020-2024.

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

5.2.1 There are no immediate financial implications from the report. However, it is important that performance is monitored to ensure that the Pension Fund is not liable to additional costs resulting from maladministration or poor service.

5.3 Social Value

5.3.1 Membership of the Pension Fund ensures the long term financial health of the contributing employees on retirement.

5.4 Legal and Constitutional References

5.4.1 The Council's Constitution – Article 7 – includes within it the responsibilities of the Pension Fund Committee. This includes to monitor the pension administration of the Fund . It is therefore considered appropriate for the Pension Fund Committee to receive this report.

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 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 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing

equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) 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. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality duty.

- 5.6.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public-sector equality duty. The Public Sector Equality Duty 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 Not required.

5.9 **Insight**

- 5.9.1 Not applicable

6. **ENVIRONMENTAL IMPACT**

- 6.1 None

7. **BACKGROUND PAPERS**

- 7.1 None