



Local Pension Board

26 April 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 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 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 which 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 The LBB Pensions Team (“the Pensions Team”) 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 February, this had reduced to **c12,500**. As WYPF review the data and process the historical leavers, they sometimes find additional data items that need updating that were not originally identified.
- 1.8 WYPF are working on the previously identified four data areas where their IT Team are looking to update records in bulk, over the next few months, the numbers of outstanding items should reduce in larger numbers.
- 1.9 At the last Board meeting, it was mentioned that WYPF would be testing “character recognition” software, which could help them to obtain the missing data from the scanned images on members records. This could save WYPF a lot of time in trying to find missing data.
- 1.10 The testing of this software has been slightly delayed whilst WYPF upgrade their data server platforms and is now expected completed by mid-May. An update will be provided to the Board on the results at the next meeting.
- 1.11 The Pensions Team and WYPF have agreed that there are some items of data where it could be classed as “nice to have” rather than vital, so this data

will only be looked at, on a case-by-case, if this is relevant to the calculation of members benefits

- 1.12 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.
- 1.13 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%
March 2022	96.71%	79.28%

- 1.14 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.

Preparation for the 2022 triennial valuation

- 1.17 To prepare for the triennial actuarial valuation in 2022, the 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.
- 1.18 This exercise was completed last November and following a report from the actuary, which was discussed at a meeting with both WYPF and Hymans Robertson, and actions were agreed with WYPF to get this data updated.
- 1.19 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 **c1,600** data items still classified as "critical errors" by the Actuary.

1.20 These “critical errors” are:

- **Current record status** – this is to ensure that members have the correct status (i.e. usually active, deferred, pensioner). These are members who have a blank status on their record. There are currently **17** members who have this issue.
- **Date of leaving** – These are members whose status is shown as active but have a date of leaving shown on their record. This is required to ensure that their benefits are calculated correctly. There are currently **7** members who have this issue.
- **Exit Mode** – These members do not have a date of leaving on their record, but their status has changed from active. This currently affects **31** members.
- **Revalued CARE Pension is missing or incorrect** – There are **79** members have either no revalued CARE pension or a negative figure. From a quick look they have no pensionable pay either. This means that there is potential for the members pensions to be incorrectly calculated.
- **Date that the accrued CARE Pension revalued to is missing** – There are **916** members where the date that their CARE pension is revalued to is missing. Again, this makes it difficult to calculate the members correct pension and for Hymans to value the benefits correctly.
- **Date of Deferment** – For the **76** members who have a status of deferred but have a blank date of deferment, the majority also have a subsequent active member record. They could have re-joined the Fund and may need their records linked or could be part of the historic leavers that are still to be processed. These need to be updated so the members benefits can be correctly calculated, and Hymans can value the benefits correctly.
- **Deferred Exit Mode** – There are **27** members who appear to no longer be deferred members, but whose status is still shown as deferred. These members could have retired or transferred out of the Fund. This need updating so their benefits can be valued properly or not included in the valuation, if they have transferred out.
- **Last pensions increase date missing or incorrect** – this relates to deferred members, whose deferred pension has not been increased correctly. There are **372** members that fall into this category.
- **Last pensions increase date missing or incorrect** – this is the same as above but relates to pensioners. This applies to **23** members
- **Initial Pension in payment showing as a negative figure** – This applies to **21** pensioners. This need to be reviewed and updated to the correct positive figure.

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. This will take place at end of May/early June. An update will be provided at the next Board meeting.

Historical Leavers

1.22 WYPF initially 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 29 March, this number had reduced to **c1,250**, of which **1,150** are leavers who left before 1 November 2020 when WYPF took over the administration of the Fund.

- 1.23 The Pensions Team have assisted WYPF by providing the information for the historical leavers to WYPF, where possible, on the employers' behalf, where they have not previously been able to do so.
- 1.24 This has been a slow process, so in order to get these historic leavers processed quicker, the Pensions Team has recently contacted all employers, with historic leavers outstanding, requesting that they submit leaver forms to WYPF by a deadline date (ranging from the end of April to end of May, depending on the number of leaver forms that need to be submitted).
- 1.25 The employers were warned that if they did not submit the leaver forms by this deadline, the Pensions Team will:
- In accordance with the Fund's Pension Administration Strategy, issue a fine to the employer for each leaver that has not been submitted – this is currently **£96** per member.
 - Report employers to The Pensions Regulator for a breach of relevant Code of Practice, which sets out the timescales for providing members with their leaving service benefits.
 - Write to all members where a leaver form has not been submitted to WYPF advising them that WYPF are unable to calculate their benefits due to the employer not providing the required information.
- 1.26 This seems to have had a positive effect with several employer contacting both WYPF and the Pensions Team to discuss the leaver issues and clarify what they need to do. We have advised employers that their deadline for proving this information will not be extended.
- 1.27 ABS. For leavers who are entitled to a deferred pension, it is likely that an ABS will also need to be sent to them.

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 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 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