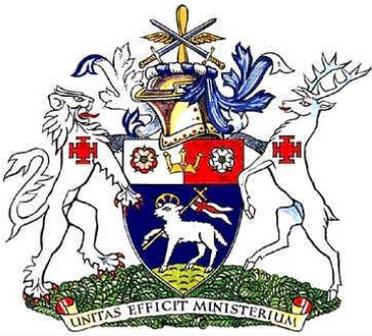


\1 	Pension Fund Committee 11 July 2022
Title	Data Improvement Plan and Historical Leavers
Report of	Executive Director of Strategy & Resources (S151 officer)
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	None
Officer Contact Details	Mark Fox, Pensions Manager – 0208 359 3341
Summary	
<p>This paper 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.</p>	

Officers Recommendations	
<p>The Pension Fund Committee are requested to note the progress on the correcting of the member data and the historical leaver exercise.</p>	

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 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 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. WYPF and the LBB Pensions Team are working with employers to ensure that these historical leavers are 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 May, this had reduced to **c11,000**.
- 1.8 The Pensions Team meet with WYPF regularly to discuss areas in the data improvement plan that can be updated easily to speed up the process of correcting these data issues.
- 1.9 WYPF are working on four data areas where their IT Team are looking to update records in bulk. This is still ongoing. WYPF have advised once they introduce “character recognition” software, this will significantly reduce the number of data items outstanding in these areas.
- 1.10 The “character recognition” software, will help WYPF to obtain the missing data from the scanned images on members records. WYPF have identified a suitable software supplier, and this should be available in the early autumn.
- 1.11 WYPF and the Pensions Team have agreed that for some items of data, these can 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”. These data items will not be updated as part of the data improvement plan unless there is member activity where this is required.

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%
April 2022	96.69%	79.66%
May 2022	96.63%	79.31%
June 2022	96.66%	79.31%

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.

1.15 Both data figures slightly vary as WYPF process the outstanding the historical leavers and find missing data, this is corrected as and when the leavers are processed.

1.16 The common data score is at the acceptable level for The Pensions Regulator (TPR). Conditional data does not have a score level set by TPR, however, the Pensions Team hope that, with the introduction of the character recognition software by WYPF, this score increases by the end of the year.

Preparation for the 2022 triennial valuation

1.17 To prepare for the 2022 triennial actuarial valuation, WYPF have submitted three test extracts of data to the Fund Actuary, to determine the quality of member data.

1.18 We have discussed the results with both WYPF and Hymans Robertson and actions were agreed for WYPF to get this data corrected.

1.19 WYPF will be submitting data again to Hymans Robertson at the end of June, which will leave a month for any corrections still outstanding to be made, as Hymans require the “clean” data by 31 July.

Historical Leavers

1.22 WYPF inherited **c1,500** “historic leavers” which increased to **c1,950**, following the work undertaken by WYPF in the 2021 Annual Benefit Statement (ABS) process. As of 20 June, the total number of leavers outstanding had reduced to **c1,070** with **c820** “historic leavers” still outstanding.

1.23 In March, the Pensions Team 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 and dependant on the number of leaver forms that need to be submitted).

1.24 The employers were warned that if they did not submit the leaver forms by this deadline, the Pensions Team would:

- 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.
- 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.

1.25 As of 7 June, a total of **31** fines had been issued to employers amounting to **£24,480**. One employer has to date paid their fine.

1.26 The issuing of fines has had a positive effect with most employers contacting the Pensions Team to discuss their leaver issues. Where this has been the case, the Pensions Team have agreed to waive the fine if employers submit the outstanding leaver notifications within a week.

1.27 The Pensions Team continue to work with employers and their payroll providers to get the leaver notifications submitted. This includes the Council, who initially had **c750** historical leavers. This has now reduced to **c570**.

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 administration of the Pension 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