Data Quality Improvement Plan 2018/20

1. Introduction

The quality of data held by Pension Funds across the UK has become a hot topic over the last few years due to the concerns of Fund actuaries over the recent triennial valuations for the Local Government Pension Scheme (LGPS) as well as the Pensions Regulator (tPR) putting much greater emphasis on the requirement for all Funds to hold accurate and up-to-date information on members.

Traditionally data held by the Fund was checked on an annual basis prior to members annual benefit statements being issued with additional checks being carried out prior to providing data to the scheme actuary for the triennial valuation. Members records were also checked thoroughly prior to calculation following an event date (leaver, retirement, divorce, transfer or death.)

Over the last 6+ years the NESPF have migrated towards receiving member and contribution information from participating employers on a monthly basis. This has had a huge impact on the quality of member data held by the Fund. The systems now in place, ensure member data is received in a timely manner and is provided in a valid and accurate format. This has not only improved the data held but will continue to ensure that the data remains at a high quality in the future.

Many LGPS Funds across the UK are currently making the switch from annual to monthly returns and the fact that the NESPF have already made this switch and are currently receiving over 99% of data monthly has reaped tremendous rewards for the Fund. The 2017 valuation carried out by the scheme actuary was completed in record time and the number of queries received from the actuary on the data provided was considerably less than in previous valuations. The scheme actuary, Mercer, have provided positive commentary on the quality of data provided allowing the Fund to be confident in the accuracy of the valuation results.

As the 2020 triennial valuation approaches the high level of data quality held by the Fund will enable both the Fund and the actuarial team to have confidence in, not only being able to deliver the exercise in a timely manner, but also in the accuracy of the results received.

In addition, the NESPF worked actively on the requirement to reconcile Guaranteed Minimum Pensions held ahead of the 2019 HMRC deadline. This huge exercise has taken up staff time and Fund resources for the last three years, but the proactive approach has ensured that we are in a very positive position as the deadline approaches. Final calculations are currently being carried out to rectify the under and overpayments identified through the process but the project cannot as yet be finalised as further data from HMRC to carry out the final checks is outstanding.

TPR Code of Practice 14 requires that Funds carry out a review of their data at least annually. This review should include checks for accuracy and completeness. To meet these requirements the following data improvement plan has been implemented to address any issues identified during the measurement of NESPF data quality.

2. NESPF Objectives

1. To maintain the accuracy of members records to ensure that benefits held and paid are correct
2. To meet the regulatory requirements of pension administration including the Pensions Regulator Code of Practice 14
3. To provide comfort to the administering authority and participating employers in the accuracy of the actuarial results based on the quality of the data provided
4. To ease the administrative burden of incomplete or inaccurate records.

3. Data Types

Data held by a Fund can be split into two different categories for measurement of quality:

1. **Common Data:** These data items are prescribed by tPR guidance and are the identifying fields for members
2. **Scheme Specific Data (Conditional Data):** These fields are relevant to the calculation of member benefits and there is currently no prescribed list of scheme specific data fields for the LGPS.

4. Measuring Data Quality

Following the triennial valuation as at 31 March 2017 the NESPF scheme actuary, Mercer, provided a report on the data held by the NESPF using their Data Analysis Tool (DAT). The data used is from the universal data extract (UDE) that is provided to scheme actuaries from the pension administration system. The UDE has been developed in conjunction with all actuaries of the LGPS and provides full member data for the purpose of calculating the liabilities of the Fund.

The DAT report highlights potential issues with member records on both a whole Fund level and individual employer basis. This is done by raising flags based on a traffic light system using the following percentages:

If the number of flags is below this level, classify as green	5.0%
Otherwise of the number of flags is below this level, classify as amber	19.9%
If the number of flags is above this level, classify as red	20.0%

This exercise was repeated on data held as at 31 March 2018 with the report showing significant improvement for Scheme Specific Data. DAT reports for both years are available from the NESPF Employer Relationship Team.

The Fund acknowledged that the UDE was limited to providing data relevant for valuation and therefore our scores were determined using the information from Mercers and additional in-house reporting. In order to receive more accurate data scores that could be compared against other administering authorities the Fund decided to contract with our system provider, Heywoods, to use their Data Quality Analysis Tool. The contract is for three years and carries out tests against the data held on our member database, Altair.

In November 2019 Heywood carried out the first of the three annual evaluations against the data held by the Fund. The overall scores, results and reports were provided quickly to allow the Fund to declare the data scores in the annual scheme return. The scores still reflected a high quality of data held by the Fund and the accompanying reports give the Employer Relationship Team detailed breakdowns of the errors held, the priority level for investigating the errors and an understanding of how the individual error types affected the scores. The data reports for both Common Data and Scheme Specific data can be made available to Committee and Board Members by contacting the Employer Relationship Team at employer@nespf.org.uk.

5. Data measured by NESPF

Common Data	Scheme Specific Data
NI Number (includes TN numbers which are classed as missing data)	Active members with zero actual pay
Surname	Active members with missing or invalid member contribution rate
Forenames/initials	Active members with inconsistency between member status and exit data
Sex	Deferred members with no date of leaving
Date of birth	Deferred members with zero pension
Date started pensionable service	Deferred members with inconsistency between member status and exit data
Retirement date	Deferred members with GMP expected based on service
Membership status	Undecided leavers with zero pension

Last status event	Undecided leavers with inconsistency between member status and exit data
Address (includes Gone Away which are classed as missing data)	Pensioner members with no retirement date
Postcode	Pensioner members with zero pension
	Pensioner members with GMP expected based on service
	Dependant members with zero pension

6. Data Score

In 2018 Common and Scheme Specific Data scores were required for the first time to be included in tPR scheme return.

Data Type	2017	2018	2018	Target
Common Data	97%	97%	98.3%	100%
Scheme Specific Data	85%	94%	97.1%	100%

A contributing factor to the significant improvement in Scheme Specific Data between 2017 and 2018 has been the ongoing reconciliation of guaranteed minimum pension (GMP) values with HMRC as part of an ongoing exercise described in the Data Quality Improvement Plan.

The Employer Relationship Team seek to improve the scores further in the forthcoming year by investigating and fixing the errors identified in the Heywoods Data Quality Report following their analysis.

DATA QUALITY IMPROVEMENT PLAN

Objective	Data Type	Action	Timetable	Financial & Resource Implications
Address Tracing for gone away deferred, pensioner and frozen leaver members	Common	Around 2000 members are held on the system as 'gone away.' These members consist of deferred, pensioner and frozen refund members (no active members are held as 'gone away'.) The Fund will look to directly award a contract to a tracing organisation through the National Framework.	First Trace April 2020 (3 year contract)	Financial - Estimated cost of tracing exercise £2,500 (for first year) Resource – Administration staff to be utilised

Monthly Information from Employers	Common & Scheme Specific	Continue to promote i-Connect as the method of employers providing data. Improve reconciliation process to ensure data is of the highest quality	Ongoing	Financial – None (part of existing contract) Resource – ERT
General Data Cleanse and Quality Measurement	Common and Scheme Specific	Heywoods Data Quality Analysis Tool will be used to provide scores for the Annual Scheme Return. In addition it provides detailed reports on the errors found. Data cleanse can be carried out on the reports provided and will be particularly effective for historical data errors.	November 2019 – March 2022	Financial - 3-year contract £15,450 Resource – Benefits, ERT and admin staff to be utilised. Aspects of the cleanse being prioritised ahead of the valuation or the effect on members
Undecided Leavers – review of how status 2 members are managed and processed to reduce numbers on the system below 1000	Scheme Specific	Exercise to identify, monitor and prioritise undecided leavers who have not been processed in a reasonable time frame. Concerted effort to reduce the number of members prior to valuation (as at 31 March 2020.) Controls to be put in place for future i.e. deadlines, etc	December 2018 – March 2020	Financial – Unknown – project currently under consideration by senior management Resource – Benefits staff to be utilised
GMP Reconciliation - following the cessation of 'contracting out' there is a requirement for all Funds to carry out a GMP reconciliation for Active, Deferred and Pensioner members	Scheme Specific	Exercise undertaken in-house by NESPF	Full reconciliation nearing completion	Financial - None Resource – Benefits & Technical Staff
AVC Reconciliation	Scheme Specific	Reconcile AVC contracts held on the administration system Altair with information held by Prudential and Standard Life	Annual Reconciliation in line with year end	Financial – none Resources – ERT

Claire Mullen – Employer Relationship Manager – February 2020 – Version 1.2