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 5 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.

With the possibility of the valuation process being moved to a four-yearly requirement the emphasis will be on the Fund to ensure accuracy of data held so that monitoring of membership profiles etc can be carried out in the inter-valuation period.

In addition, the NESPF have been actively working 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 positive position as the deadline gets closer.

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 Pension 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%
Otherwise if 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%

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 acknowledges that the UDE is limited to providing data relevant for valuation however a report (TPRDATA) was created to provide and assess the missing Common Data items.

The Local Government Association (LGA) are in discussions with tPR, local authorities and stakeholders to formulate a standardised basis for scoring Scheme Specific Data tests going forward and once this information is available NESPF will consider how best to deliver the new requirements.

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	Target
Common Data	97%	97%	100%
Scheme Specific Data	85%	94%	100%

The percentages are calculated by comparing the total amount of fails/flags against the total membership:

- In 2017 the total membership of 60,798 consisted of active, deferred and pensioner members
- In 2018 the total membership also included dependants and undecided leavers raising the total membership to 67,685.

The biggest contributing factor to the significant improvement in Scheme Specific Data 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:

- Deferred members with no GMP on the system but where recorded service suggests there is potential liability reduced from 673 to 537
- Pensioner members with no GMP on the system but where recorded service suggests there is potential liability reduced from 5,892 to 2,175.

DATA QUALITY IMPROVEMENT PLAN

Objective	Data Type	Action	Timetable	Financial & Resource Implications
Address Tracing* for gone away deferred, pensioner and frozen leaver members	Common	Tracing exercise with ATMOS Ltd was carried out for all members with a 'gone away' indicator. The results are used to complete an exercise within the department to ensure that any addresses provided are accurate before updating member records	November 2018 – May 2019	Financial - Estimated cost of tracing exercise £1,623

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	The NESPF administration system provider, Heywoods, offers a data quality tool that can be run against all data held on our system and will comply with the TPR requirements for scheme specific data once this is known. The tool can be used by Funds to carry out in depth data cleanse exercises and can also be used to measure data quality for the annual scheme return	June 2019 – March 2020	Financial - One off exercise £7,725 or as a 3-year exercise £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 – None Resource – Benefits and ERT 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 to be completed by March 2019	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	October 2018 – March 2019	Financial – none Resources – ERT

In September 2018 a new procurement framework went live on the National LGPS Frameworks website for Member Data Services that provides Address Tracing & Correction Services and Mortality Screening Services, this is another option for NESPF to consider in the future.

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