

Data Quality Improvement Plan 2021/22

1. Introduction

The quality of data held by the North East Scotland Pension Fund (NESPF) on the benefits database impacts directly on its members, participating employers, administration and Funding. It is therefore essential that measuring and improving the accuracy of the information held is an administrative priority of the Fund.

In addition, the Pensions Regulator (tPR) is responsible for ensuring that Funds meet their legal requirements around maintaining data quality. Within the public sector environment, tPR have focused on this issue over the last few years, ensuring that Funds are compliant with Code of Practice 14 which requires Funds to carry out a review of their data regularly. The Code of Practice dictates that Funds are to review data at least annually to assess and measure their data for both accuracy and completeness.

Holding incorrect or incomplete data may not only have a financial impact on the Fund and its stakeholders but will also run the risk of the Fund not being able to meet its legal obligations.

The NESPF collect data in respect of active members from employers on a monthly basis through our secure online facility i-Connect. This system, which is currently being used by all participating employers, ensures that member data is received in a timely manner and is provided in a valid and accurate format. Collecting data in this way has had a huge impact on the quality of the data held by the Fund and will ensure it remains a high quality into the future.

The high quality of data held by the Fund had a direct impact on the triennial valuation carried out as at 31 March 2020. The valuation was carried out well within the agreed timelines and with very few queries received from the actuary on the data provided. The data held by the Fund will enable both the Pension 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.

The arrival of the COVID-19 pandemic in early 2020 meant a shift in priorities for staff, with productivity negatively impacted during this volatile period by lockdowns and homeworking. The team shifted focus to the main obligations of processing and payment of pension benefits as well as ensuring that the Fund actuarial valuation remained on course. As a consequence, data quality improvement has not taken precedence over this period. However, following a return to the office for the Employer Relationship Team, focus in the last quarter of 2021 and onwards, will shift to rectifying any identified data errors.

New regulations are imminent in relation to extending protections to all members who were active in the scheme before 2015 as a result of the McCloud judgement. In order to comply with the new requirements the Fund will have to identify all affected members and carry out checks to determine whether their benefits need to be recalculated. In order to allow this to happen the Fund needs to understand the information or data that will be required to carry out this large scale exercise. Missing data, which was not required to apply the previous protections will need to be gathered from employers to ensure that the Fund can meet the strict deadlines required to implement these new changes.

To meet the requirements of tPR and to meet the objectives of the NESPF going forward, the following data improvement plan is to be implemented to address any issues identified during the measurement of the quality of held data.

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 Local Government Pension Scheme (LGPS).

4. Measuring Data Quality

In order to receive more accurate data scores the Fund has contracted with our system provider, Heywoods, to use their Data Quality Analysis Tool for the last three years. This tool carries out a suite of tests against both the common data and scheme specific data held on our member database, Altair. The resulting reports, which are provided following the assessment, provide the overall data scores in line with tPR requirements, identify the records that have failed the tests and outlines the level of importance attached to investigating or fixing these errors. These results allow for direct comparison against other Fund's within the LGPS and help the Fund identify where improvements are required.

From September 2021, an assessment of data quality is available through Altair Insights. Insights is a new system, purchased by Fund, which provides facilities that report against the information held on the Altair database. In addition to the many benefits that Insights provides, a recent addition is a suite of reports and tests that can be run in house in respect of the assessment of both Common and Scheme Specific data. Very similar to the Data Quality Assessment Tool, these new reports provide data scores and identify failures. As they can be run on a regular basis the team will use Insights as their method of assessing and improving data going forward.

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

From 2018 both Common and Scheme Specific Data scores were required to be included in the Pensions Regulator’s annual scheme return. The scores declared by the NESPF for the last few years are as follows:

Data Type	2019	2020	2021	Target
Common Data	98.3%	98.3%	98.1%	100%
Scheme Specific Data	97.1%	98.3%	98.8%	100%

The results for 2021 show a reduction in the common data score of 0.2%. This relates directly to the number of ‘gone away’ members that are held within the administration database. Due to the pandemic and resource issues the team have been unable to undertake a tracing exercise in accordance with the Data Quality Improvement Plan (Version 1.2). This exercise will be carried out in early 2022 following appointment of a tracing service provider through the National LGPS Framework.

The increase in the Scheme Specific Data in 2021 follows a change to the parameters on one of the tests for Guaranteed Minimum Pension (GMP) and National Insurance (NI) earnings. The test has been amended to be more accurate and now ~~to~~ takes account of members that paid reduced NI contributions during their membership (small stamp) which has reduced the fails from 1067 to 230.

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

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 2500 members are held on the system as ‘gone away.’ These members consist of deferred, pensioner and frozen refund members (no active members should be held as ‘gone away’.) The Fund will look to directly award a contract to a tracing organisation through the National Framework.	First Trace April 2022 (3 year contract)	Financial - Estimated cost of tracing exercise £4,000 (for first year) Resource – Administration staff to be utilised

Monthly Information from Employers	Common & Scheme Specific	Continue to use i-Connect as the method of employers providing data. Work with employers to improve their understanding of the data required and improve reconciliation processes 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	Altair Insights reporting tool will be used to provide scores for the Annual Scheme Return from 2022. It provides detailed reports on the errors found. A monthly data cleanse can be carried out using the reports generated and will be particularly effective for historical data errors.	November 2021 ongoing monthly	Financial – Insights is used for many purposes of Fund administration. Resource – Benefits, ERT and admin staff to be utilised. Aspects of the cleanse being prioritised ahead of the valuation or the effect on members
NI Database Exercise – This project is to identify where members within the Fund may hold other benefits within LGPS (Scotland.)	Scheme specific	Using the NI database the Fund need to identify where members benefits need to be transferred or received as a result of having pension records with other administering authorities within Scotland. This will be a considerable project in the first instance with an ongoing requirement to monitor this going forward. The introduction of the NI database allows all Scottish Funds to undertake an exercise of this nature	November 2021 – ongoing	Financial – None Resource – administration and benefits team

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 Undecided leaver exercise was undertaken in 2019/20 but was halted by the pandemic. Further work to be undertaken in conjunction with the tracing exercise and the NI database exercise.	April 2022- March 2023	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 & Systems Staff
McCloud Project – change of regulations require that all members who were active in 2015 are now protected by an ‘underpin’ which compares the benefits that would have been due under the old ‘final salary’ scheme. Assessment of the information required to undertake this large scale project will be required.	Scheme Specific	Missing data in respect of hours worked will be identified and requested from employers to allow the benefits team to recalculate and rectify members benefits where the underpin applies. The timescales of this exercise are currently unknown and we await final regulation changes.	Ongoing – project and dates to be determined	Financial – currently unknown Resource – currently unknown (may be outsourced)
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

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