

## Data Quality Improvement Plan 2023

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### 1. Introduction

The quality of data held by the North East Scotland Pension Fund (NESPF) impacts directly on scheme administration. Inaccurate information leads to inaccurate calculations, administrative delays and poor customer service. In addition, holding incorrect or incomplete data could affect all aspects of the Fund including having financial, legal, operational and reputational impacts.

It is therefore essential that measuring and improving the accuracy of the information held on an ongoing basis is an administrative priority of the Fund.

In addition to the above, 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.

### 2. Data Collection

The NESPF collect data in respect of active members from employers monthly 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 strike date for the next valuation is 31<sup>st</sup> March 2023 with the valuation results being signed off by the following March. The high quality of 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.

As a result of changes to the scheme following recent legal proceedings and the imminent requirement to participate in the national pension dashboard the Fund continues to face challenges in administration. At the core of both of these large scale exercises is data and the success of meeting these requirements depends on the quality of the data held.

To meet the requirements of the additional projects, the ongoing objectives of the NESPF and the tPR, the following data improvement plan is to be implemented.

### 3. 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.

### 4. 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).

### 5. Measuring Data Quality

From September 2021, the Fund have assessed the quality of the data held on the system using the data quality dashboard available through Altair Insights. Insights uses a suite of tests against the data held to determine the validity of the information held for each members record. Missing or invalid data is available to the Fund through the dashboard and the accompanying reports.

It is important to understand that although the data quality tests can identify missing, incomplete or invalid information it is not able to test this data for accuracy. Accuracy of data held on the system is reliant upon the system calculations, Fund officer training and checking of member records as part of the administration and processing.

## 6. 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

## 7. 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	2020	2021	2022	Target
Common Data	98.3%	98.1%	97.9%	100%
Scheme Specific Data	98.3%	98.8%	99.15%	100%

The 2023 common data score has reduced by 0.2% from 2021. This is as a result of an increase in the number of 'gone away' members that are held on the administration database. The large scale tracing exercise, planned for 2020, has been delayed due to the pandemic and contract negotiations. Having

resolved these issues the tracing will take place in quarter 1 of 2023 with address tracing to be carried out against all 'gone aways.' It is expected that following the tracing and verification of these members the data scores will improve significantly.

The increase in the scheme specific data score is as a result of work undertaken within the Fund to improve and correct historical data.

The Employer Relationship Team will seek to improve the scores further in the forthcoming year by investigating and fixing the errors identified as part of the suite of Insight reports.

## **8. Reporting**

The data quality improvement plan is approved at committee level and it is expected that, from September 2023 onwards, an update will be included in the committee papers on a quarterly basis alongside the Pension Administration Strategy report.

The plan will be updated annually in January of each year and brought to committee for approval in March.

**DATA QUALITY IMPROVEMENT PLAN**

Objective	Action	Timetable	Area of responsibility & resource requirements	Financial implications
Address Tracing	<p>Around 2200 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.</p> <p>This exercise has been paused for some time due to the pandemic and procurement issues.</p>	One off trace exercise Quarter 1 of 2023	Employer Relationship Team	£20,000 (including address validation)
Comprehensive review of i-Connect reconciliation and checklist process	Current checklists and reconciliation process to be reviewed to include ongoing checking of additional data items including month by month changes, employer v employee contributions, pay changes.	June 2023	Employer Relationship Team	None
Insights Data Quality Dashboard	<p>Altair Insights reporting tool and the standard tests set up to create the dashboard will be used to provide data quality scores for the Annual Scheme Return.</p> <p>The detailed reports list any errors found and will be used to cleanse the data held on an ongoing basis ensuring that both current and historical data is valid.</p>	Ongoing requirement for data scores to be provided to tPR (annual return) every September	Employer Relationship Team	No additional costs expected (Insights is used for all administrative reporting and is used across the Fund)

National Insurance Database Exercise	<p>Using the NI database the Fund will identify where members have benefits with other Scottish LGPS Funds resulting in transfer/joining of records.</p> <p>This initial exercise will be used to tidy up historical issues and prepare for becoming dashboard ready. On an ongoing basis the use of the database is being incorporated into administration procedures and under constant monitoring.</p>	March 2024	Benefits Team	No additional cost expected (will result in increased transfers in and out between Scottish Funds)
Undecided Leavers Exercise (Status 2 records)	In advance of the 2023 triennial valuation a large scale exercise to reduce the backlog of aggregation cases accumulated during the pandemic is to be carried out to reduce the number of unprocessed records, this was agreed with Internal Audit.	Overtime project to run from January to June 2023	Benefits Team	£30,000 - £40,000 Estimate based on actual overtime project cost of £22,790 to reduce amount of aggregation cases prior to last valuation however there were 1500 fewer cases)
Frozen Leaver Exercise (Status 9 records)	Following completion of the tracing exercise a further review of the unpaid refunds will be carried out by the administration team to reduce the amount of unclaimed payments.	March to September 2023	Systems Team	No additional staffing costs.
Dashboard Preparation	With the introduction of the national UK pensions dashboard, which the LGPS schemes are expected to connect by end September 2024, there will be a requirement for data to be of a high quality to ensure that pensions are found and	January 2023 – September 2024 (ACC legal currently liaising with Heywood in respect of a free initial data	Systems Team /Employer Relationship Team/ Benefits Team	Data rectification costs unknown until data readiness assessment completed.

	<p>accurate figures are provided via the dashboards .</p> <p>Significant work to be undertaken in advance of the 2025 date to ensure that the NESPF data is dashboard ready and that resources are allocated to deal with the impact of this national product launch.</p>	readiness assessment)		No further staff resources required at this time.
McCloud Project	<p>Change of regulations require that all members who were active on or before the 31<sup>st</sup> March 2012 and in the CARE scheme from 1<sup>st</sup> April 2015 are now protected by an 'underpin' which compares the benefits that would have been due under the old 'final salary' scheme.</p> <p>Comprehensive review to identify any missing data in respect of hours worked will be carried out and reconciled with employers to allow the benefits team to recalculate and rectify members benefits where the underpin applies.</p> <p>The NESPF are in a good position with this requirement with work already undertaken and a project lead in place for the initial part of the process.</p>	Regulations expected to come into force in October 2023 with completion dates outlined as part of the requirements	All operational teams	<p>System Costs: £25,000 (System development for individual and bulk calculations to carry out the underpin check and amendments to programs for revaluation, pensions increase, benefit statements and valuation)</p> <p>In house staff used for all aspects of the regulatory requirements</p>
AVC Reconciliation	<p>Annual Reconciliation of AVC contracts with Prudential and Standard Life in line with year end</p> <p>From 2020 Prudential have experienced issues with providing fund values as at 31</p>	July/August 2023	Employer Relationship Team	No additional costs expected

	<p>March as part of the year end process. This is as a result of implementing a new system. Work is ongoing to rectify however this has impacted on the ability to reconcile to data held by the NESPF. The ongoing use of i-Connect within the Fund ensures that the data is as accurate as possible.</p> <p>Once information is provided as at 31 March 2023 a comprehensive review/reconciliation will be undertaken.</p>			
Mortality tracing	<p>Monthly mortality tracing, carried out in conjunction with ATMOS data services is to be revised from 1 February 2023 to include additional checks by the provider.</p> <p>For 2023, in advance of the tracing exercise and the status 9 exercise all members with a frozen refund will be included in an ATMOS to check for any deceased members.</p>	March 2023 (ACC legal liaising with ATMOS data services in respect of a change of Terms following an ICO recommendation)	Operations Manager	Cost of ATMOS tracing is £0.20 er member. Mortality tracing is carried out monthly and is part of the requirements of scheme administration and the insurance 'buy in' with Rothesay Life.
Start Date Exercise	In accordance with an audit requirement (2021/22) all start dates for members on the database system prior to the introduction of i-Connect will be checked against the scanned documents or checked with the employer for accuracy.	December 2023	Systems Team	No additional cost – large scale exercise to be completed by Pension Assistants

Claire Mullen – Employer Relationship Manager – January 2023 – Version 1.4