



# **Data Improvement Strategy & Plan**

**March 2019**

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## 1. Introduction

This document outlines Wiltshire Pension Fund's Data Improvement Strategy & Plan.

Fundamentally, the purpose of the Fund is to pay the **correct pension benefits to its members when they become due**. It is therefore imperative that the Fund achieves and maintains the highest possible data quality standards, to comply with its core functions and to ensure the cost-effective use of resources. High quality data is also the basis for all fund valuations and effective decision making.

Keeping and maintaining high quality data is becoming increasingly difficult due to the continual diversification of the participating employer base, the increasing number of payroll providers, the large number of members and the complexity inherent in the scheme's design. However, the Fund is committed to meeting these challenges by using the approaches outlined in this strategy.

## 2. Legislative Framework

This Fund and its employers have a legal obligation and statutory duty to comply with a various regulations, standards and formal guidance; these include, but are not limited to:

- LGPS Regulations 2013, as amended;
- Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014;
- The Pensions Act 1995, 2004 and 2008;
- The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013;
- Data Protection Act 2018;
- Freedom of Information Act 2000;
- Pension Regulator's Code of Practice No.14

This document considers the requirements of these different pieces of legislation in determining the Fund's approach and its priorities.

### 'Common' & 'Conditional' Data

The Pension Regulator (tPR) acknowledges that complete, accurate scheme records are a vital part of the administrative function. tPR defines two types of data held in scheme records which can be broadly explained as follows:

**Common data:** Data used to identify scheme members and includes names, addresses, national insurance number and date of birth and other similar data.

**Conditional data:** Data which is essential to calculate benefit entitlements for the LGPS such as, member contributions, pensionable pay & service history. It also encompasses

data relating to events that occur during an individual's membership, for example transfers, purchase of additional pension and pension sharing orders.

Both types of data are equally important, but are defined separately for the purposes of measurement by tPR

### **3. Plan objectives**

The key objectives of this plan are:

- a). To ensure accurate records are maintained to calculate pension entitlements and employer liabilities; ensuring all information and data is communicated securely and accurately, within prescribed timescales.
- b). To ensure that the Fund is compliant with legislation and in particular, with the guidance of the Pension Regulator. Furthermore, in doing so, ensuring it establishes a robust, reviewable and transparent framework necessary for the acquisition and upkeep of accurate, complete and up-to-date records
- c). All actions agreed are proportionate to the risk posed, cost effective and efficient. As part of this, appropriate technology used will be used wherever possible to improve data quality standards, and the streamlining of operational processing across employer and Fund workstreams.
- d). To focus on making sure the Fund data is correct at source by using preventative approaches wherever possible (section 4). Data cleansing activities should very much be used as a second line of defence rather than the main strategy to hold clean data.
- e). To ensure clarity of roles and responsibilities between the Fund and employers, ensuring all parties are committed to the continuing engagement to improve data quality and promote accurate record keeping.
- f). To ensure that all data collection processes are clearly documented and regularly reviewed to check the validity of data. Internal managers will act as a second line of defence by periodically checking documented procedures are followed while an audit programme will be in place to act as a third line of defence on controls, the collection and processing of data.

### **4. Obtaining good quality data**

An essential part of any data improvement policy is to ensure that good quality data is received at source and accurate processing takes place to create new, accurate data items. The Fund's data requirements are outlined within its template forms and employer's guide both held on the website. Outlined in this section are the approaches that the Fund will use:

### a). I-connect and accurate data submissions

The Fund has recently purchased a software package called I-connect and a key part of this data improvement plan is to rollout the use of I-connect across the Fund's current and future participating employers. I-connect acts as a portal which sits between employers and the Fund and it helps ensure the data submitted from employers to the Fund passes a high number of data validation checks before it is uploaded on to the Fund's administration system, thus reducing the risk that poor quality data enters the system and discrepancies arise between employer's payroll software and the Fund's administration system. The Fund intends to rollout I-connect gradually across all employers between 2019 and 2021 in order to ensure that adequate testing takes place and employers have time to adjust their processes to a new way of working.

Complete and accurate data submissions are the cornerstone of high quality data. However, even with full roll-out of I-connect, the Fund will need to continue to rely on other forms of data submissions, mainly where the data sources are non-employer party such as other funds and members themselves. Further information on how the Fund will address these data matters are explained in the points below.

### b). Employer training, engagement and support

The Fund is reliant upon the accuracy, completeness and timeliness of data provision from participating employers and any third-party agencies they may utilise e.g. payroll providers.

To maintain complete and accurate records there needs to be a continual dialogue with participating employers regarding the provision of data, particularly as employer contacts change. Fund Officers will work with named employer representatives throughout the year to support the general activities of the Fund, clarifying information and data provided and actively seek to train employers on all aspects of pensions administration as necessary. It is an employer responsibility to both provide accurate data and to provide resources to respond to ad-hoc enquiries, bulk data activities such as year-end data submissions and data reconciliations.

The Fund will set out an employer training plan, review and improve all material available to employers such as the employer's guide and continue to provide other supplementary information through the mediums of newsletters, forums, the administration strategy, the website and webinars.

### c). Clear data submission templates and forms & timely deliver

The Fund recognises that due to the nature of the Scheme, it has relatively complex and time-consuming data requirements and it has a responsibility to ensure that its templates and forms are as simple as possible to understand and complete. As part of a current project

undertaking a review of repeatable processes, the Fund will analyse where errors and misunderstandings often occur in relation to its forms, letters and other templates, and make adjustments wherever possible to reduce the frequency of this occurrence by supporting employers.

Furthermore, the Fund needs to ensure the timescales outlined in the Administration Strategy are met to ensure the timely delivery of data by following the protocols stated within it and that it uses the Fund's escalation policy, where necessary, if other approaches are exhausted.

#### d). Effective internal controls and processes

All processes must be underpinned by suitable documentation, staff training and skills transfer to ensure ownership, understanding and compliance at both a Fund and employer level. As the Fund processes source data, it needs to ensure that the new data it creates is also accurate. It will do this by making sure clear and up to date procedures are in place and are being followed, the Altair pension administration system is up to date and any 'known errors' are communicated to processors, processes are adjusted where necessary and relevant managers undertake regular reviews of the work being processed and they make recommended improvements where necessary.

#### e). Timely receipt and processing of data

Another key element of ensuring data used is accurate is for the Fund to receive and process data in a timely manner. The Fund will aim to ensure it always has appropriate resource in place, work is prioritised appropriately and any mounting data backlogs are quickly identified and a plan is put in place for reducing the backlogs. The area links closely to the Fund's data improvement plan.

The Fund's desired processing levels are outlined in the Fund Administration Strategy while Disclosure Regulations and guidance issued by other bodies, such as CIPFA, provide further requirements and guidelines. Collectively, the Administration Strategy forms a set of Key Performance Indicators (KPIs) which officers and the Committee will monitor performance against and officers will put plans in place where KPIs are not being met and specific action is required to address the matter.

#### f). Fund Administration Strategy

The Fund will review its Fund Administration Strategy to make sure it is up to date and fit for purpose. It contains a detailed overview of Fund and employer responsibilities, performance standards and escalation policy. The Fund will also actively monitor employers and as well as its own performance against the details contained within the Strategy and take appropriate actions if issues arise.

## 5. Maintaining good quality data

Whilst the Fund will always strive to obtain good quality data at source and process it accurately, inevitably there will be scenarios where the Fund will become aware of out of date and incorrect data at a later date and these inaccuracies will need to be proactively identified and rectified. The Fund will do this by using the approaches below:

### a). Data Reconciliations:

A brief summary of key data reconciliation exercises that the Fund will undertake are outlined below.

Review activity	Monitoring Performance	Timescale
<p><u>Non i-Connect Employers</u> The Fund will undertake biannual data reconciliation exercises with all employers to identify discrepancies within member datasets, carrying out detailed analysis on any data gaps and rectifying them.</p> <p><u>i-Connect Employers</u> As above, but on a monthly basis.</p>	<p>Where the Fund identifies a pattern of data issues specifically with an employer it will speak to identify the root cause of the problem to try to limit the chance of a repeat. It when then take further action, as appropriate, which could include bespoke employer training or support, an action plan or a face to face meeting.</p> <p>Where common issues are identified across a range of employers, the Fund will take a similar approach but consider the need to take actions across a range of employers.</p>	<p><u>Non I-connect employers:</u> Twice yearly as part of the end of year exercise and during half year (autumn).</p> <p><u>I-connect employers:</u> Monthly.</p>
<p>Following year-end contribution return exercise, the Fund will provide employers with a detailed review of errors and data gaps encountered during the process.</p>	<p>The Fund will monitor progress against resolution of errors. Where errors are not resolved within timescales prescribed within the Pension Administration Strategy, employers may be subject to the Fund's escalation policy on charging employers for unsatisfactory performance</p>	<p>Within 30 days of receipt of complete and correct year end contribution return</p>

The Fund will undertake periodic data reconciliation exercises to ensure there are no inconsistencies between the pension payroll system and pension administration system.	Data quality reports will be designed to analysis the data and monitor improvement. The data quality reports will be consistent with the Service Level Agreement between the two service areas.	Will vary on the data being reviewed from monthly, to quarterly to annually.
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## b). Using Third Party Data Services

The Fund will make use of third party data services to improve the quality of its data and also support the administrative function. These are provided by outside organisations as either collaborative ventures (at no or minimal cost) or procured commercially. The Fund uses these approaches where it either does not have accessed to the necessary information or it is able to benefit from the specialist services of an outside company.

### i). LGPS National Insurance Database & ‘Tell Us Once’ Service

Administered by South Yorkshire Pension Fund Authority (SYPA) on behalf of the Local Government Association (LGA), the secure National Insurance Database was developed for LGPS administering authorities to share data to prevent the duplicate payment of death grants. This follows changes to Scheme Regulations in 2014, by virtue of which, payment of a death grant in respect of a member with entitlement to multiple membership categories, is restricted to an aggregate payment value in relation to any active or pensioner/deferred membership. When processing the death of a scheme member, officers will procedurally check the LGPS National Insurance Database for the existence of membership at other LGPS Funds.

The secure LGPS National Insurance Database also facilitates the integration of the Funds membership profile into the government ‘Tell Us Once’ service, as administered by the Department of Work & Pensions (DWP). The ‘Tell Us Once’ service allows a person registering a death to request that the DWP pass on the deceased’s information to other government departments and council services. If the deceased is a member of the Fund, as determined by the LGPS National Insurance Database, the Fund will identify this on a weekly basis by reviewing notifications on the data portal.

### ii). Target Professional Services Ltd

Target Professional Services Ltd enables officers amongst other services to find the most recent postal address of a member to whom contact has been lost and, where requested, provide next of kin details and death certificates. For addresses, the loss of contact will normally occur when a deferred or pensioner member fails to notify the Fund of a change of address.



### iii). Mortality Screening Services

Provided commercially, the Fund periodically engages in comparing its deferred and pensioner memberships against the national death register as administered by the General Register Office which is part of Her Majesty's Passport Office.

### iv). National Fraud Initiative (NFI)

Administered by the Cabinet Office, the NFI programme is a biennial exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. As a participant, the Fund receives a report of 'matches' to investigate, to take remedial actions and update records accordingly.

## 6. Improving current data quality

Following a review in early 2019, the Fund has identified a number of areas of new or continued focus for data improvement and maintenance. These are outlined in Appendices 1 & 2. The specific sub-plans for each of these areas will be produced by the Fund, maintained internally and detail the specific actions required and the timeframes for resolution.

As new areas of focus are identified, and existing areas dealt with, new sub-plans will be added and worked upon by Fund Officers.

## 7. Measuring success

The Fund's key measures of success are:

- a). **tPR's common and conditional (scheme specific) data targets:** The Pension Regulator set targets of 100% for both common and conditional (scheme specific) although the exact definition of conditional (scheme specific) data for the LGPS has yet to be confirmed by the Scheme Advisory Board. Therefore, the Fund will use measurements as benchmarks to measure its data quality.
- b). **Key Performance Indicators (KPIs):** As referred to early with this plan and as outlined in the Pension Administration Strategy which will be updated from time to time.
- c). **Percentage of Annual Benefit Statement sent on time:** The percentage sent by 31 August of each year. The official target is 100% and the Fund's target is to be as close to 100% as possible.

## **8. Plan review and monitoring**

The Fund will review this policy document periodically, and as required, to reflect changes in regulations and Fund working practices. Scrutiny and oversight will be provided as and when is required by the Local Pension Board, the Pension Fund Committee, the Pension Regulator and internal and external auditors.

## **9. Related Policy Statements**

The following related documents can be found on the Fund's website:

- Pension Administration Strategy (including escalation policy); and
- Fund Business Plan 2019-2022

This document has been presented, considered and approved by the Pensions Committee on 14 March 2019.

## Appendix 1: Data Improvement sub-plans – resolving existing, identified data issues (section 5)

Ref & Priority	Data Area	Potential Impact	Mitigation	Review Frequency
<b>DI1 ADDRESSES</b>	Member Addresses, particularly deferred members	Unable to contact members to advise them their benefits are due. Incorrect addresses also count as failures against tPR common data score.	When any posted mail is returned, the details are passed on Target Professional Services Ltd to trace the person and obtain to date address.	Ongoing, as and when required.
<b>DI2 - EMPLOYER</b>	Consistent membership data between employers and the Fund.	Inability to ensure accurate payment of benefits within prescribed timescales.  Potential additional administration and legal costs to correct historical errors	The actions outlined in sections 4 & 5.	Monthly for I-connect employer and biannually for non I-connect employers or more frequently as required.
<b>DI3 - GMPs</b>	To ensure that GMP data and residual pension splits are accurate.	Incorrect GMP liability values will consistently lead to the incorrect value of benefits paid	Continue to engage with HMRC over the data provided.  Assess data to identify key factors such as database configuration issues & incremental increase requirements	Ongoing

<b>DI4 CONSISTENCY ERRORS</b>	Technical data inconsistencies within member records on the Altair database (pension administration system)	Incorrect data configuration leads to benefit calculation failure & reduces the effectiveness of the administration of the Fund	Training staff to ensure that data is applied to the database in a way the is consistent with Heywood's guidance on the management of the database.  Sample check member records and run regular consistency error reports.	Ongoing
<b>DI5 FUND BACKLOG PROCESSING</b>	Backlogs currently exist for work related to aggregation and deferment of records.	Whilst neither set of backlog results in any financial detriment to members, the backlogs have secondary impacts on the processing of other cases, causes inefficiencies and lower tPR scores.	Review of processes, procedures and notes to improve efficiencies. Reallocation of resource. Employer training to reduce queries.	Ongoing

## Appendix 2: Process and control strengthening – preventative approaches to data quality issues (section 4)

Ref & Priority	Data Area	Potential Impact	Mitigation	Review Frequency
<b>DP1 YEAR END</b>	<p>Year-end processes and controls:</p> <p>a). Correct allocation of CARE pay &amp; FTE pay data to member accounts (where members have multiple accounts)</p> <p>b). All CARE, FTE pay and other supporting data is correct and received in a timely manner for all records.</p> <p>c). Authorisation process for employers and any differences in contribution and membership data are fully reconciled.</p>	<p>Failure of Fund to fulfil its statutory requirement to ensure accurate payment of benefits within prescribed timescales.</p> <p>Impact on annual allowance calculation for members.</p> <p>Failure to comply with the requirements of the rates and adjustment certificate.</p> <p>Risk of fraudulent activity.</p>	<p>a). Transition of employers to I-connect.</p> <p>b). Continued liaison and development of bespoke automated annual return data linking for large scheme employers, relating to their current payroll system to enable accurate digital import of data</p> <p>c). Continued development of “sanity” checks on pay data submitted</p> <p>d). Regular revision and improvement of Fund pay tolerance levels</p> <p>e). Descriptive feedback to employers where anomalies are highlighted</p> <p>f). Robust authorisation controls including sign off by key employer contacts.</p> <p>g). Regular gap analysis of FTE Pay figures and CARE Data.</p>	<p>Annually – before commencement of year end contribution exercise</p>
<b>DP2 PENSIONER PAYROLL</b>	<p>Verification and authorisation of payroll data between the Pension Administration database and the Pension Payroll database</p>	<p>Non-verification and authorisation payroll data could result in failure to identify fraudulent</p>	<p>a). Robust authorisation controls – Covering both financial &amp; data transfers between databases</p>	<p>Annually – Financial reconciliation of the payroll before &amp; after each pension increase exercise.</p>

		<p>activity that may have financial consequences</p> <p>Failure to reconcile members &amp; their pensions could lead to maladministration</p>	<p>b). Incorporate a series of annual pre-pension increase checks to ensure both databases mirror each other.</p> <p>c). Initiate a programme of data quality reporting &amp; reconciliation</p>	<p>Monthly – Data reporting &amp; reconciliations to be undertaken</p>
<p><b>DP3</b></p> <p><b>CONSISTENCY</b></p> <p><b>ERRORS</b></p>	<p>Data entered on the pension administration system needs to be entered consistently and checked as part of the process.</p>	<p>Non-verification of data from 3<sup>rd</sup> parties such as other LGPSs may have financial or data quality consequences</p>	<p>Ensure that all transfer value data is verified on Altair, by reviewing their documentation &amp; update each member's records as required.</p> <p>Run consistency check routines</p>	<p>Ongoing</p>

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