



## **LOCAL PENSION BOARD**

**18 SEPTEMBER 2017**

### **REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

#### **RECORD KEEPING - DATA IMPROVEMENT**

##### **Purpose of the Report**

1. The purpose of this report is to inform the Board of the County Council's current data keeping practices concerning pension data and planned improvements.

##### **Background**

2. The focus of the Pensions Regulator is now extending to pension record keeping and data improvement. The Pension Section relies heavily on receiving accurate and timely data from its employers and therefore already works hard to ensure high quality data is sent by employers and once received is maintained correctly. However, to enable the Fund to demonstrate compliance with new legislative record keeping requirements and to enhance its current processes, the Pension Section has developed a plan to improve its processes further.

##### **Current record keeping**

3. The Pension Section already follows a number of processes to maintain high quality pension member records.
4. An annual record keeping exercise takes place during the year-end process. For all active members, payroll data is provided by the Fund's employers and loaded into each member's pension record, checked for accuracy, corrected if there are errors or discrepancies and then used in the calculation of member's annual benefit statements. The data includes final pay, career average revalued earnings (CARE) pay, pension contributions and additional contributions.
5. As part of the annual record keeping exercise any data queries are returned back to employers for them to investigate and correct if necessary, prior to the production of the annual benefit statements. In the 2016/17 annual exercise 9,104 data queries were identified and returned back to employers for resolution. In the main the data queries were on contributions, pensionable

pay used in the calculation of pre April 2014 benefits and career average revalued earnings (CARE) pay.

6. The Pension Section already uses a data quality checking tool. This allows the Pension Section to run data checks at any time and investigate and resolve pension member's data queries.
7. The Pension Section has annual audits including data quality and year-end. In these audits the data quality was found to be good and processes were correct.
8. The Pension Section sends its data to the Fund's Actuary every three years for use in the Fund valuation. This involves a very significant data check using the Actuaries data uploading tool. Errors are rejected and have to be corrected prior to the data being submitted. The last valuation data submission was in July 2016 and the Actuary reported the Fund's data as good.
9. The Guaranteed Minimum Pension (GMP) exercise requires the Pension Section to check the member's GMP data against that held by HMRC. Any discrepancies found are being corrected and the data records amended. This is a large ongoing exercise that is expected to continue until December 2018.
10. The Pension Section uses a monthly data mortality screening system. The system reports on deaths that the Pension Section then checks. This means deaths are dealt with quickly ensuring pensioner data remains accurate and reduces the risk of pensioner overpayments.
11. The Pension Section provides a member on-line service allowing scheme members to securely access their own pension record. This provides opportunity for scheme members to check their own data and inform the Pension Section about any data changes.

#### **Data Improvements Plan – 2 areas**

12. The most significant data improvement the Pension Section is implementing is the phased introduction of monthly postings. This allows employers to submit their payroll data monthly rather than annually. This will enable data queries to be identified and resolved more quickly, and in the process, will reduce the number of data queries at year-end. There is a significant amount of work each employer has to do in order to implement the change, including developing the monthly payroll extract prior to commencing monthly posting. There are currently three employers already using this system in live and a further eight large Fund employers developing their payroll extracts in readiness for go live.
13. The Board will consider a report in December detailing the implementation plan and progress made.

14. Another planned improvement relates to the proposed introduction of an ongoing process to trace preserved members who are near retirement age in order to ensure they have not moved address and failed to inform the authority. It is considered to be more cost effective doing this regularly with a small number of cases, rather than a large bulk exercise to trace all cases in one go. There are currently 150 preserved members age 60 or over who have not kept the Pension Section informed of their current address. Tracing these cases will commence in September.

#### **Recommendation**

15. It is recommended that the Board notes the report.

#### **Equality and Human Rights Implications**

None specific

#### **Officers to Contact**

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