

Report Title:	<b>Data Quality Exercise – Year 2</b>
Contains Confidential or Exempt Information?	YES - Part I
Member reporting:	Councillor Sharpe, Chairman Berkshire Pension Fund and Pension Fund Advisory Panels
Meeting and Date:	Berkshire Pension Fund and Pension Fund Advisory Panels 23 March 2020
Responsible Officer(s):	Philip Boyton, Pension Administration Manager
Wards affected:	None

## REPORT SUMMARY

1. This report provides Panel Members with an overview of The Pensions Regulator's requirements around data quality and accuracy.
2. It provides details of the findings from the second data quality exercise undertaken in line with the Regulator's guidance and reporting specifications.

## 1 DETAILS OF RECOMMENDATION(S)

**RECOMMENDATION:** That Panel notes the report and:

- i) **Monitors the quality of data through future administration reports, and**
- ii) **Recognises the importance placed upon the Scheme Manager (Administering Authority) in meeting the standards imposed by the Pensions Regulator.**

## 2 REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 Members have in the past been presented with details of the role that The Pensions Regulator (tPR) now has in overseeing Public Service Pension Schemes since the introduction of the Public Service Pensions Act 2013. All public service schemes, of which the LGPS is one, are required to keep specific data on members and beneficiaries and must be able to demonstrate that the data they hold is of the highest quality and standard.
- 2.2 tPR expects all UK pension schemes to measure the presence and accuracy of the data they hold and put plans in place to resolve discrepancies where they find them. tPR require an annual return to be completed so that they can track the progress of schemes as they incorporate the standards that tPR expect of all schemes. By measuring certain data tPR can determine behaviours which contribute to schemes being well run.
- 2.3 tPR expect Scheme Managers (Administering Authority) to measure data at least once a year and whilst enforcement action will not be taken on the basis of scores alone, tPR may, if they have concerns that legal requirements or certain standards are not being met, engage with Scheme Managers and take action where Scheme

Managers fail to demonstrate that they are taking appropriate steps to improve their records.

- 2.4 There are two types of data that tPR monitor, Common Data and Scheme Specific Data (formerly known as Conditional Data). Common Data is a subset of member and beneficiary data as set out in regulations whereas scheme-specific data refers to the rest of the data a public service scheme needs to run a scheme i.e. the remaining member and transaction fields.
- 2.5 The tPR annual return measures data accuracy as well as the presence of data. tPR expects the Scheme Manager (Administering Authority) to understand the controls their scheme administrators have put in place to ensure the quality of data, have confidence that these are sufficient for the needs of the scheme and receive regular reports on the data.
- 2.6 As previously reported, the Pension Fund has signed an initial 3-year agreement with *heywood's*, the provider of the Pension Fund's administration software, to begin a data cleansing exercise to identify any data discrepancies. This exercise will be performed annually and will demonstrate to tPR how serious the Administering Authority is with regard to holding accurate data on behalf of its scheme members and beneficiaries.
- 2.7 This report sets out at Appendix the results of the first data quality exercise recently undertaken.
- 2.8 Action is already being taken to identify the means by which the data discrepancies identified can be corrected.

### **3 KEY IMPLICATIONS**

- 3.1 The Scheme Manager (Administering Authority) is required by law to maintain the Royal County of Berkshire Pension Fund in accordance with the LGPS Regulations and all other associated legislation. Failure to do so could result in the Pensions Regulator issuing fines to the Authority where it is deemed to have failed in areas of administration.
- 3.2 The Scheme Manager (Administering Authority) has a responsibility to manage the administration of the Scheme on behalf of all Scheme members ensuring that all aspects of administration are effective, efficient and that benefits are calculated accurately in accordance with the scheme regulations.

### **4 FINANCIAL DETAILS / VALUE FOR MONEY**

- 4.1 The 3-year contract entered into with *heywood's* is valued at a cost of £5,000 per annum although the Pension Fund negotiated the service for free for the first three years. tPR may impose fines ranging from a £400 fixed penalty to a varying daily escalating penalty from £50 to £10,000. The contract cost is deemed to be good value for money.

## **5 LEGAL IMPLICATIONS**

- 5.1 The Local Government Pension Scheme Regulations 2013 (as amended) set out the statutory requirements of the Administering Authority in maintaining a Pension Fund.

## **6 RISK MANAGEMENT**

- 6.1 Fines imposed by tPR can be severe not only financially but reputationally. This risk is kept to a minimum by taking the steps necessary to annually review member data ensuring that records are maintained to the highest standard possible.

## **7 POTENTIAL IMPACTS**

- 7.1 Failure to maintain the Pension Fund in accordance with statutory legislation could result in fines being imposed by tPR and a loss of confidence in the Scheme Manager (Administering Authority).

## **8 CONSULTATION**

Not applicable.

## **9 TIMETABLE FOR IMPLEMENTATION**

- 9.1 Data quality check to be undertaken annually each September from 2018 to 2020 and then reviewed.

## **10 APPENDICES**

Appendix 1 – Overview and results of the September 2018 data quality exercise.

## **11 BACKGROUND DOCUMENTS**

- 11.1 Public Service Pensions Act 2013  
11.2 Local Government Pension Scheme Regulations 2013 (as amended)  
11.3 tPR annual return.

## **12 CONSULTATION (MANDATORY)**

<b>Name of consultee</b>	<b>Post held</b>	<b>Date issued for comment</b>	<b>Date returned with comments</b>
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Panels		
Adele Taylor	Director of Resources and Section 151 Officer		

## APPENDIX 1

### LOCAL GOVERNMENT PENSION SCHEME DATA QUALITY REPORT

This report is split into two sections, Common Data and Scheme Specific Data. In both cases a benchmark has been applied to the results based on the following categories and thresholds:

Category	Pass Threshold
Blue	Pass rate > = 98%
Green	95% <= Pass rate < 98%
Amber	90% <= Pass rate < 95%
Red	Pass rate < 90%

These benchmarks are illustrated in the background of the results graph.

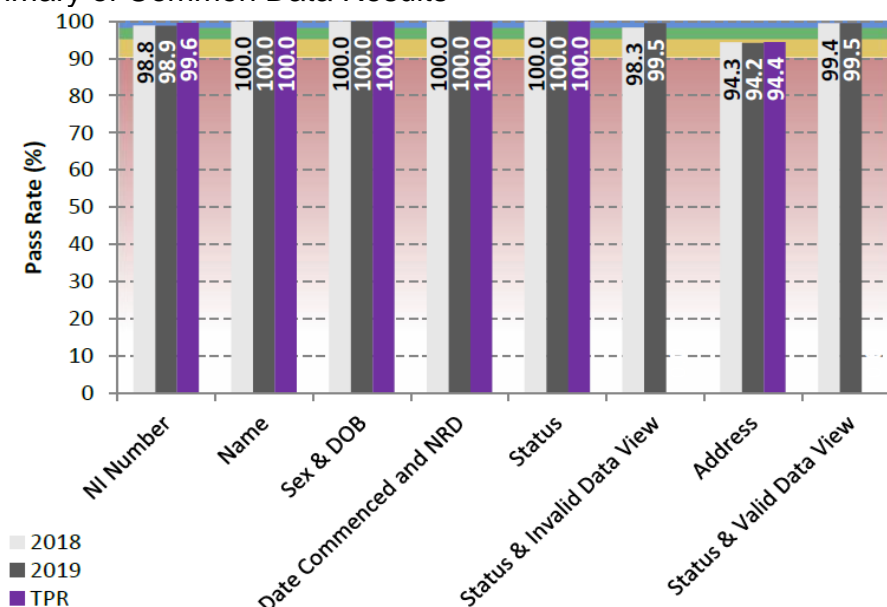
The 2019 tests were conducted across 90,580 scheme member records, an increase of 2,931 on the 2018 tests.

#### 1.0 COMMON DATA

##### 1.1 Common Data items

In total there are 11 items of Common Data that all UK pension schemes are expected to hold for all their current and former scheme members'.	
Address	Last Status Event
Current Membership Status	NI Number
Date of Birth	Normal Pension Age
Date Pensionable Service Started	Postcode
Forename(s) or Initial(s)	Surname
Gender	

##### 1.2 Summary of Common Data Results



### 1.3 Analysis

DATA ITEMS	TOTAL ITEMS 2019	MEMBER RECORDS WITHOUT A SINGLE FAILURE 2019
Conditions tested	724,640	-
Conditions passed	717,455	-
Conditions failed	7,185	-
<b>Pass percentage</b>	<b>99.00% (+0.16%)</b>	<b>92.40% (+1.1%)</b>

### 1.4 Data Correction Plan

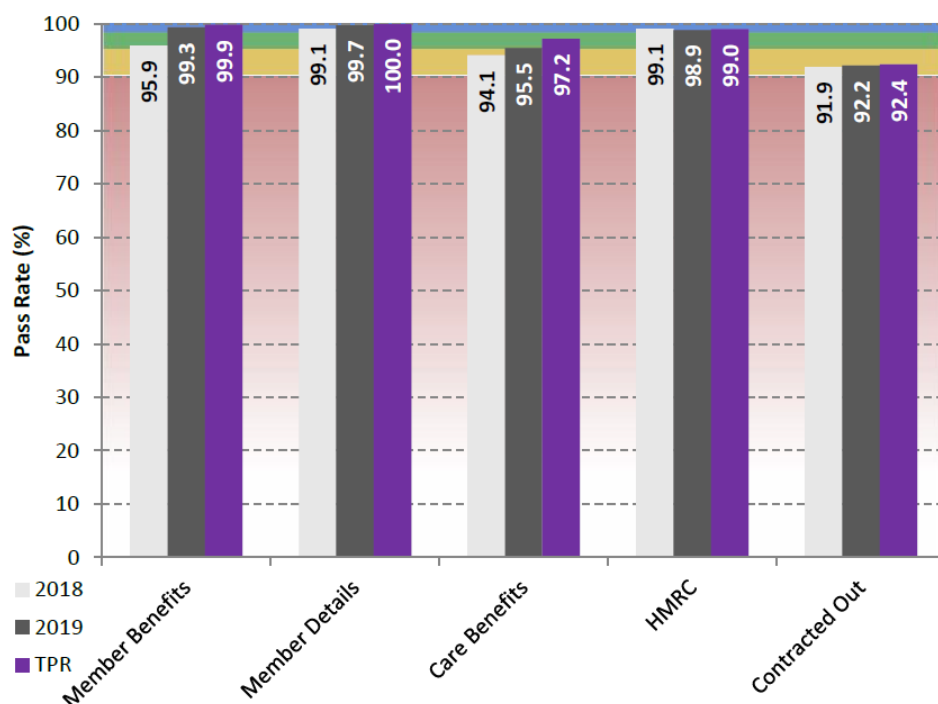
CATEGORY	PRIORITY				Total
	Very high	High	Medium	Low	
NI Number	-	-	-	996	<b>996</b>
Name	-	-	-	-	<b>0</b>
Sex/ Date of Birth	-	10	-	-	<b>10</b>
Date Commenced and NRD	-	1	-	-	<b>1</b>
Status	-	-	-	-	<b>0</b>
Status and Invalid Data View	-	487	-	-	<b>487</b>
Address	-	-	5,247	-	<b>5,247</b>
Status and Valid Data View	6	-	-	438	<b>444</b>
<b>Total</b>	<b>6</b>	<b>498</b>	<b>5,247</b>	<b>1,434</b>	<b>7,185</b>

## 2.0 SCHEME SPECIFIC DATA

### 2.1 Scheme Specific items

In total there are 60 items of Scheme Specific Data that tPR are measuring across all Local Government Pension Funds. A selection of these items is provided below.	
Annual Allowance	Post 1 April 2014 Career Pay
Date Contracted Out	Post 1 April 2014 Career Pay Revaluation
Date Joined Scheme	Pre 6 April 1988 Guaranteed Minimum Pension (GMP)
Date of Leaving	Post 6 April 1988 Guaranteed Minimum Pension (GMP)
Employee and Employer Additional Pension Contributions History	Scheme Year Benefit Crystallisation Event
Employee and Employer Basic Pension Contributions History	Total Original Deferred Benefit
Employer Name	Tranches of Original Deferred Benefit
Lifetime Allowance	Total Gross Annual Pension
Membership History	Tranches of Total Gross Annual Pension
NI Contributions/ Earnings History	Total Gross Dependant Annual Pension
Pension Sharing Order (PSO)	Tranches of Total Gross Dependant Annual Pension
Pre 1 April 2014 Final Pay	Transfer In Details

## 2.2 Summary of Scheme Specific Data Results



## 2.3 Analysis

DATA ITEMS	TOTAL ITEMS 2019	MEMBER RECORDS WITHOUT A SINGLE FAILURE 2019
Conditions tested	848,270	-
Conditions passed	835,211	-
Conditions failed	13,059	-
<b>Pass percentage</b>	<b>98.46% (+0.88%)</b>	<b>91.3% (+5.2%)</b>

## 2.4 Data Correction Plan

CATEGORY	PRIORITY				Total
	Very high	High	Medium	Low	
Member Benefits	59	720	-	-	<b>779</b>
Member Details	369	864	-	180	<b>1,413</b>
CARE Benefits	-	2,310	-	-	<b>2,310</b>
HMRC	-	542	383	34	<b>959</b>
Contracted Out	-	3,589	4,009	-	<b>7,598</b>
<b>Total</b>	<b>428</b>	<b>8025</b>	<b>4392</b>	<b>214</b>	<b>13,059</b>