



City of Westminster Pension Board

Date:	16th June 2020
Classification:	General Release
Title:	Pension Data Quality Issues
Report of:	Eleanor Dennis, Interim Pensions Specialist People Services
Wards Involved:	All
Policy Context:	Compliance
Financial Summary:	Limited

1.0 Executive Summary

1.1 The Fund and The Pension Regulator has increased their focus on data quality. The key areas of concern for the City of Westminster Pension Fund (COWPF) are Status 1, Status 2 and address gone aways.

1.2 All Status 1 cases have now been completed.

1.3 Tracing of address gone aways has resulted in over 600 additional up to date addresses for the Fund's members.

1.4 Independent analysis by ITM has provided a further insight into other areas of COWPF's data that the Fund can now work with Surrey to resolve and a project has commenced with ITM to complete the outstanding Status 2 work.

2.0 Introduction

2.1 The Pension Regulator has placed an increased emphasis on the importance of pension schemes ensuring they have good quality data. Managing data is high risk as there are so many elements to maintain and it is constantly changing. The consequences of poor data include impacting on members benefits, which can be expensive for the Fund if things go wrong. Good quality data is necessary to ensure that the scheme is managed properly but this cannot be done effectively if records are inaccurate, incomplete or not up to date.

2.2 Over the last 18 months several data issues have been identified and the pension specialist has worked closely with the Funds administrators and external third parties to analyse, identify and improve the quality of the COWPF data.

2.3 The last data quality report demonstrated a significant improvement in the quality of the data of the COWPF (The scores for 2018/19 show an improvement of 14.5% in the common data score and 22.1% conditional data score respectively but there is still more work to do). It is important the good progress made continues and data continues to be closely monitored on a regular basis, to ensure the improvements made are sustained and the quality continues to improve in the future.

Key areas data issues were identified

3.0 Status 1 – Valuation impacting errors

3.1 The production of the data quality report is a Pension Regulator requirement of all pension schemes to report annually on the quality of their data and produce an improvement plan.

3.2 As a result of the poor data scores of 77.9% common data date and 71% for scheme specific data in the 2018 report. The pension specialist worked with and closely monitored Surrey to prioritise working on the with the Valuation impacting cases first. Surrey were helped by a temporary resource, funded with additional funds of £16k agreed by the Fund.

- 3.3** These 364 cases with errors such as undecided leavers, records that needed to be deleted, members still in the scheme but with missing pay data or members who were in the Teacher's pension scheme or who had opted out. Status 1 processing ceased in April 2019, due to the administrators focusing on valuation activities and the departure of their temporary resource. With half of the additional funds remaining and no ability to recruit externally to complete this work. Work recommenced in January 2020 by using experienced existing admin team members at Surrey and all remaining cases were completed in April 2020 at no additional cost to the Fund.
- 3.4** The 2019 data quality scores demonstrated improved scores of 89.9% common data and 93.1% scheme specific data respectively as a result of the data quality work completed in 2019. We await in the later end of 2020 to see the impact of this work.

4. Status 2 - Legacy undecided leavers

- 4.1** Approximately 1500 legacy Status 2 cases (pre-November 2018) were identified by Surrey and it was agreed that these would be resolved by engaging with a third party provider of the administrator's choice, JLT. Work was slow to commence, and progress was poorly project managed by Surrey. The intervention of the pension specialist enabled better understanding of expectations and an improved relationship however the inexperience and inefficiency of the JLT 's processes meant that processing by JLT ceased in December 2019. Surrey continued to complete some cases that JLT started but did not finish, as a goodwill gesture. Verification and auditing by Orbis have confirmed that 476 cases were completed by JLT.
- 4.2** The Fund asked Surrey to provide an alternative solution to JLT, on processing the outstanding Status 2 cases. In the draft proposal Surrey estimated costs of £41,450, recruiting a temporary resource, and an estimated timescale for completion of 12 – 15 months. They have in addition recommended that a permanent data resource at Orbis is recruited to work for the COWPF in the role of Data quality Officer at an estimated cost of £24,430 per annum.

Please note this proposal was provided with the caveat that such a solution may not be a viable for Surrey. Due to the difficulty in recruiting an individual with good LGPS experience and Surrey's lack of ability to commit to implementing and project managing due to the BAU's team workflow and other focuses such as I-Connect and regulatory changes due i.e. the McCloud ruling.

- 4.3** Due to their caveat, Surrey have also recommended data specialist ITM as an alternative solution to all their Fund's for legacy data cleansing.

5.0 Data Tracing

5.1 Reports from Surrey highlighted that there were over 3000 members with no current address (i.e. gone aways). It was decided to first focus on finding addresses for sections of the membership population; pensioners (those already in receipt of their pensions) and deferred's over 55 (those who were eligible to take their pension benefits), totalling 753 records. We engaged directly with an experienced external company Target, to carry out this work on the Fund's behalf.

5.2 To date 649 addresses have been found and updated on Altair, of which 14 are deceased. An additional 8 members were identified separately as deceased under the National Fraud Initiative. Further work will continue the remaining 96 cases which will proceed to international trace of £70 per case on a no find no fee basis. In addition, 17 cases that were unsuccessful in the pensioner existence exercise have also been forwarded to Target. They have been able to trace and verify 5 pensioners, some for whom the contact details remained the same with pensions now put back into payment.

6.0 Further data analysis

6.1 Given the challenges experienced in tasking Surrey to identify and resolve existing data issues. The interim Pension Specialist has led engagement for a full independent analysis of the Fund's Status 1 and Status 2 's with data specialists ITM, with agreement from the Committee, at a cost of £6,195 (excluding VAT).

6.2 The purpose of the analysis carried out in February 2020, was to enable the Fund to understand the true picture of all data errors/issues. As well as to help with assessing next steps on how to process the outstanding 900 + Status 2 cases, previously intended for JLT to complete.

6.3 The analysis proved to be a useful exercise with ITM identifying that there were 1200+ status 2 records (300 more than the Fund was aware of). These status 2 cases represent 31% of the active membership, which is high.

6.5 Initial investigations have highlighted that some of the poor data was inherited from Surrey by previous administrators. Others point to gaps in Surrey's processing and discussion with Surrey has already begun to share the results of the analysis and understand how they may have occurred. It has been agreed that a more collaborative approach is required. This will include input from the WCC inhouse pension team to engage with employers on some issues that can be resolved quickly i.e. by engaging with employers on incorrect data held for active members.to resolve the issues and the Fund will be required to decide on how best to approach these data issues.

6.6 COWPF has with agreement of the Committee chair to engage with ITM to resolve the outstanding status 2 cases in March 2020. ITM have experienced UK based resource to process these cases at an estimated cost of £60,772 and have estimated that this work would take approx. 4 months.

6.7 However, Surrey have been very slow to engage with COWPF for the project which has led to a delays in the ITM starting to process cases. However, ITM have attended training hosted by the existing administration team in May and all cases in scope have been ringfenced by Orbis. Guidance notes and letters have also been revised and processes agreed. It has been agreed that Orbis will process stage 2 (the payment part) of refund process in the existing team or at Kingston depending on workloads at the time.

Surrey have agreed to carry out peer review on ITM cases. However due to current demands from end of year work, and the impact of COVID-19 on the team. It is proposed that this is carried out by senior members of the existing experienced admin team, however this will be done as overtime at an additional hourly charge of £25 – £39 per hour paid by the Fund. It is expected that this is done in an efficiently and promptly manner with regular feedback on their findings. Surrey will provide a peer review on 10% cases until COWPF is satisfied with the quality and thereafter this will fall to 5%.

6.8 ITM have been very patient in the process and are keen to commence processing cases. In the meantime, their dedicated team of 4 have been able to refresh the in scope cases which is now approximately 1000. Look through all those cases and contact each Fund employer to request the missing information. COWPF existing in house team assist ITM in working with the Fund employers to ensure employers are aware of their responsibility to respond. However due to the delays caused by Orbis it is expected that the project will now be completed by ITM the end of August 2020.

7.0 Summary

7.1 The collaborative approach of working across all stakeholders in the Fund's data should lead to continually improving data quality score, a better member experience and compliant robust member data for the City of Westminster pension Fund.

7.2 The uncertain environment in which we are all working has led to some challenges for the Orbis team to adapt and impacted on their delivery. However, it is hoped that the completed of these legacy status 2 cases will put the Fund data in a stronger position to respond to the impact of this.