



REPORT OF SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE, AND EMPLOYEES.

LOCAL GOVERNMENT PENSION SCHEME – TRANSFORMING PENSION ADMINISTRATION UPDATE REPORT

Purpose of the Report

1. To update members on the data audit and improvement workstream within the “transforming pension administration through digital development and new ways of working programme”.

Information

Background

2. Committee is aware from previous reports that pension administration is changing nationally, and in the LGPS with changes to regulations, and with the requirements and scrutiny of the Pension Regulator. LGPS administration needs to reflect this change through the delivery of a range of digital services which include increased automation, significantly reduced manual inputting and amending of member data, ensuring that employers fulfil their responsibilities as a scheme employer within the Fund and for scheme members to be able to access their pension record 24/7.
3. The Pension Regulator has stipulated that it expects Pension Funds to enable scheme employers and members to interact with the Fund via digital platforms.
4. The data audit and improvement workstream is critical to the delivery of the entire transformation programme. The move to monthly returns and the deployment of the members portal will only be successfully delivered once the data held by the Fund is improved. This workstream is also key to the delivery of the national pension dashboard programme. Ongoing maintenance of the data will be supported by the move to monthly returns and the deployment of the self-service members portal.

Data Audit and Improvement

5. As previously reported to Pension Committee the Pension Regulator requires all Funds to maintain accurate records. The Fund is required to have a data improvement plan as specified by the Regulator. Failure to do so can put the Pension Fund at risk of failing to meet its legal obligations, and the Regulator will take enforcement action where schemes are not meeting the standards expected and are taking appropriate steps to improve pension records.

6. The Fund is required by the Pension Regulator to hold and measure two types of data within the Civica Universal Pension Manager (UPM) System scheme records: **Common Data and Scheme Specific Data**.
7. **Common data** is used to identify scheme members and includes names, addresses, national insurance number and data of birth
8. **Scheme specific data** is essential to calculate benefit entitlement such as employee contributions, pensionable pay, service history. It also encompassed data relating to events that occur during an individual's membership, for example transfer, purchase of additional pension and pension sharing orders.
9. To date the data audit and improvement workstream has supported the Fund to achieve a significant improvement in its data scores, as detailed below

	September 2020	September 2021	October 2022	Percentage point Improvement %
Common Data	73%	84%	87%	14%
Scheme Specific Data	41%	54%	64%	23%

10. There is currently no national benchmark of data accuracy scores across LGPS Funds. The Pension Regulator requires all Funds to provide their scheme's data scores by completely the annual Scheme Return. Clearly the activities that have been undertaken by the Nottinghamshire LGPS over the last two years demonstrate that we have a direction of travel of improving both the common and scheme specific data scores and that activities in this arena are continuing which will lead to a further improvement in the accuracy of the data held.
11. As reported to Pension Committee previously, the Fund is also required to respond to a range of other external factors which impact on the data that the Fund holds such as the GMP Reconciliation project and McCloud Court of Appeal judgement regarding age discrimination and more recently . Accurate data will also assist the Fund in responding to requests received via the national Dashboard system.
12. The latest data audit was run in November 2022, to show the progress that had made in improving the data and to provide the Pension Regulator with their annual data return figures. A comprehensive suite of 430 data validation checks (DVCs) were deployed. The DVCs were agreed between the Fund and Civica and cover both common and scheme specific data across **189,155** pension folders which covers a total of **143,349** individual members of the Nottinghamshire Pension Fund. This has provided the Fund with an accurate and informed data position as well as access to a dynamic data quality dashboard.
13. The following table details the baseline figures as at September 2020 and the progress achieved over the last two years, showing the number of members and the data validation checks not passed in volume range.

As at Sept 2020 Nos of Members	As at Nov 2021 Nos of Members	As at Nov 2022 Nos of Members	DVC not passed	Total progress from September 2020
24,035	66,036	82,343	Passed all DVCs	An increase of 58,308 (57%) of members passing all checks
56,658	56,668	46,835	1-3 amendments required	A reduction of 9,833 members
26,825	11,388	10,336	4-6 amendments required	A reduction of 16,489 members
13,507	2,608	2,663	7-9 amendments required	A reduction of 10,844 members
13,408	1,339	1,172	10+ amendments required	A reduction of 12,236 members
134,433	138,039	143,349		An increase of 8,916 members being included in the Data Audit.

14. The Administration team have access to a suite of Data Quality Dashboard which enables them to look at the data held at Fund level, employer level and membership category (active, deferred, deceased etc). At Scheme Employer level the Fund is able to review the data position for each employer, compare employers and identify employers with good/bad attributes and therefore provide targeted support.
15. As part of the audit improvement phase a series of bulk data improvement (BDIs) tasks have been developed. The application of the BDIs has results in **45,848** (data validation failures) DVFs being resolved, which is **25.1%** of the **182,187** DVFs that were reported last year as being in the 2021 TPR run. The project agreed to postpone the implementation of the Service BDI as this overlaps with the data cleanse work being undertaken with employers for McCloud. Once the McCloud returns are received and loaded a further review of the Service BDI will be undertaken.
16. The remaining data validation amendments require work to be undertaken with individual scheme employers. Civica and the Pension Administration Service have worked with a pilot Scheme Employer to shape this work. The employer has provided feedback on the initial DVCs that the Fund highlighted as requiring employer input. Following this review a defined list of DVCs has been agreed as requiring employer cleanse. A process map has been designed that will be followed with employers to resolve individual member data resolution.
17. It has also been determined that employers with less than 20 outstanding Data Validation Amendments will not be provided with bulk cleanse files. These DVC's will be cleansed through ongoing data BAU channels to ensure the bulk cleanse work remains cost effective. Taking

these decisions into account it was been highlighted that a total of **17,532** DVCs are suitable for employer cleanse as of the latest audit run.

18. The following table details at a high level the number of scheme employers and the number of DVC failures that require review and cleanse by the employer. It is anticipated that this work will commence in the quarter 4 2022-2023.

	Pre bulk fix – count as at 16 March 2022	DVF requiring employer review and cleanse – count as at 25 October 2022
No of employers +100 failures	24	24
DVF count	17693	13539
DVF %	84.93%	77.22%

No of employers +50 failures	36	17
DVF count	18485	1205
DCF %	88.73%	6.8%

No of employers +20 failures	77	47
DVF count	19790	1462
DVF %	94.99%	8.34%

No of employers <20 failures	150	121
DVF Count	1083	940
DVF %	5.20%	5.36%

19. Throughout this workstream the Fund has taken a blended approach working with Civica to determine which party is best placed to work to resolve the outstanding issues. Where a bulk resolution is identified this has been deployed by Civica. The Fund will interact directly with Scheme Employers and members where individual data amendments require resolving. The Fund will work to minimise external spend where it can but also ensure the most cost effective approach is taken in using external input to work through the data validation results.

20. It is of paramount importance that once the data audit and improvement are completed that the Fund maintain the quality of both the common and scheme specific data that it holds. The final phase, phase 4 will focus on data quality maintenance, as informed by periodic data quality dashboards, enabling ongoing identification of any emerging data quality trends. The annual cost for this activity is to be confirmed.

21. One of the other key areas to support the maintenance of the quality of the data will be the implementation of monthly returns which is also a key requirement for the deployment of the national Dashboards. The Fund are awaiting confirmation from Civica to the kick off of this

project at the start of 2023. Ultimately, the Administration Team will work to deploy the members self-service portal providing all scheme members with the ability to maintain their personal details and be able to initiate requests as well as simulate pension benefit estimates in time.

Resourcing

22. One of the key outcomes from the data audit programme will be the implementation of bulk data processing. With the implementation of monthly returns this will enable the Fund to run bulk processing jobs for activities such as refunds and leavers. Moving the administration team away from a one to one relationship when processing such tasks to one of one to many. Over time this should see the release of experienced pension officer from day to day tasks of refunds and processing leavers to working on the more complex activities such as pension into payment and death processes. The Fund will need to consider the resourcing of the ongoing maintenance of the data held but this will be the subject of a separate report.

Employer Support and Compliance

23. The Employer Support and Compliance (ES&C) team will play a key part in the ongoing maintenance of data quality through their support to all Scheme Employers, as well as the implementation of monthly return and the scheme employers portal.

24. Following appointment to the vacant Employer Compliance and Support Office post the Scheme Employer Portal rolled out will be further progressed.

25. The team have been engaged in employer audits for some months now and the aim of this workstream is to bring membership records up to date in advance of the rollout of monthly returns and will complement the work planned with employers as part of the data audit and improvement workstream.

26. A series of Induction briefings are currently being delivered by the ES&C Team. These are aimed at new employers but also give existing employers an opportunity to attend where staff are new to LGPS administration. The briefings provide an overview of the Fund, the duties and responsibilities of employers and sources of guidance and support to enable the employer to carry out their scheme administration responsibilities.

Other Options Considered

27. Data audit and improvement is a regulatory requirement and the Fund is required to have a data plan and be able to demonstrate how data supplied to the Fund is improving. Therefore, there is a statutory obligation upon the Fund and its Scheme Employers to progress the data workstream.

28. The Pension Administration Service could continue to operate as it currently does utilising paper and pdf forms but this is not considered a viable option given both the increasing legislative demands and increasing number of scheme employers, members and their expectations in this digital age.

29. Without the development of digital platforms for Scheme Employers and members to interact with the Fund consideration may have to be given to increasing the number of pension administration staff.

Reason/s for Recommendation/s

30. For the Nottinghamshire Pension Fund to be able to meet ongoing statutory responsibilities, increased expectation of members and scheme employers to interact with the Fund online and via self-serve it is imperative that the Fund transforms its service offer ensuring that it is cost efficient and effective and meet its regulatory and statutory requirements.

31. Data improvement is a continuous process and not a one-off exercise. Good quality data is critical to the Pension Fund and a vital element in the success of digital transformation. Without the implementation of the proposed data improvements it will become increasingly difficult and risky for the Nottinghamshire Pension Fund to fulfil its statutory obligations within the LGPS and will not enable the Fund to move its service online enabling members to self-serve.

Statutory and Policy Implications

32. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public-sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Data Protection and Information Governance

33. A high-level Data Privacy Impact Assessment has been completed and signed off for the programme. This will be reviewed to ensure that the aspects of the programme detailed within this report are included.

Financial Implications

34. The data audit and improvement workstream is working within the project funding previously approved by Pension Committee.

RECOMMENDATION/S

It is recommended that the Members:

- 1) Agree to receive ongoing update reports on the progress of the programme.

Marjorie Toward

Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:

Sarah Stevenson, Group Manager Business Services Centre on 0115 9775740 or sarah.stevenson@nottsc.gov.uk

Constitutional Comments (KK 30/11/22)

35. The proposals in this report are within the remit of the Nottinghamshire Pension Fund Committee.

Financial Comments (KRP 30/11/22)

36. The financial implications are set out in the body of the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All