

# SOUTH YORKSHIRE PENSIONS AUTHORITY

## LOCAL PENSION BOARD

17 January 2019

### Report of the Head of Pensions Administration

## DATA QUALITY AND IMPROVEMENT

### 1) Purpose of the Report

To update members on the initial measurement of data quality provided to the Pensions Regulator and set out a draft Data Quality Improvement Plan.

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### 2) Recommendations

**Members are recommended to note the initial data quality scoring and are invited to comment on the proposed Data Quality Improvement Plan.**

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### 3) Background Information

- 3.1 The Pension Regulator's Code of Practice 14 detailing the governance and administration of public sector pension schemes notes under section 138 that "*Schemes should continually review their data and carry out a data review exercise at least annually. This should include an assessment of the accuracy and completeness of the member information held.*"
- 3.2 The importance of maintaining good quality data in order to ensure effective administration of the pension scheme is not a new concept of course. The in-house IT team at SYPA developed a Data Analysis and Reporting Tool (DART) many years ago to analyse the data held on the pensions administration database and identify areas for improvement and this tool is routinely used by the administration teams within SYPA. DART has proved successful as a data analysis tool and has in fact been purchased by a number of other LGPS funds nationally to support their own data improvement plans.
- 3.3 Until now, the DART tool had been used primarily to run a series of validation reports but over the forthcoming months it will be developed further to enable SYPA to accurately measure specific data fields on an ongoing basis. This will provide the basis for calculating an overall data quality score (see below).

#### 4. **Data Quality Score – The Pensions Regulator**

4.1 In 2018/19, LGPS funds were for the first time required to report to the Pensions Regulator on the quality of **common** and **conditional** (scheme-specific) data in the submission of the annual Scheme Return.

4.2 **Common** data are basic data items which are used to identify scheme members and are defined by the Regulator. These consist of:-

National Insurance number; Surname; First Name or Initials; Sex; Date of Birth; Retirement Age; Last status event; Address including Postcode; Start Date; Membership Status

4.3 **Conditional** (scheme-specific) data is not defined by the Regulator but is data which is key to running the scheme and meeting legal obligations. In general terms for the LGPS this will be data such as membership details, pensionable pay, employer name, contributions, etc. The Scheme Advisory Board (SAB) were hoping to reach a national consensus for the LGPS on the specific data fields which should make up the measurement of conditional data but this was not possible to achieve in time for the 2018/19 Scheme Return. SAB are hoping to develop further guidance in this area in time for the next Return.

4.4 SYPA measured its common and conditional data using a combination of DART reports and existing guidance in this area and the scores submitted for the 2018/19 Return were as follows:-

Common Data 2018/19:	<b>96%</b>
Conditional Data 2018/19:	<b>87%</b>

As indicated above, the measurement of conditional data is subjective for each LGPS fund and no comparative statistics have yet been published but informal discussions amongst funds suggest that SYPA scores are favourable in comparison with other LGPS funds. A survey conducted by one software supplier in the LGPS administration market suggested an overall level around 80%, though this would have represented only a small group of funds.

#### 5. **Data Quality Improvement Plan**

5.1 The guidance from the Regulator suggests that schemes should review their data at least once a year and, if there are any issues, put an improvement plan in place to address them.

5.2 **Appendix A** sets out the proposed Data Quality Improvement Plan for SYPA based primarily on the outcomes of the data scoring exercise conducted for the Scheme Return.

- 5.3 *Section 1* of the Improvement Plan focuses on Common Data. In line with other LGPS funds, the largest issue in respect of common data is the lack of a current address for deferred members. Historically, funds have tended to carry out tracing exercises for “lost” members as deferred members approach retirement. However, the Regulator’s Code of Practice 14 sets out that “*schemes should attempt to make contact with their scheme members and, where contact is not possible, schemes should carry out a tracing exercise to locate the member and ensure that their member data are up to date.*”
- 5.4 The use of an external tracing agency will have cost implications and, where possible, SYPA will be looking to engage with other funds in carrying out any address tracing exercise with a view to increasing purchasing power in the open market.
- 5.5 *Section 2* of the Plan focuses on Conditional Data. The nature of this data means that much of the cleansing will need to be carried out through manual intervention by internal teams and the work is therefore scheduled over a reasonable time scale to incorporate within existing resources.
- 5.6 *Section 3* identifies a number of areas that, although not specifically measured by the Regulator, SYPA have identified as requiring improvement and development in order to improve the overall quality of data held on the administration system. It is anticipated that Section 3 will be further developed over time.
- 5.7 The Data Quality Improvement Plan is intended to be a working document and it is proposed that an update on progress be brought to the Board every six months.

7) Implications and risks

- Financial – Poor quality data can have an indirect impact on funding during the valuation cycle through more cautious actuarial assumptions being made on missing/unknown data.
- Legal – None.
- Diversity – None.
- Risk – Poor quality data increases the risk of inaccurate calculation of benefits and/or delay to members receiving their correct entitlements.

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**Background papers** used in the preparation of this report are available for inspection at the offices of the Authority in Barnsley.