

# Data Improvement Strategy



## 1. Introduction

This document outlines Gloucestershire Pension Fund's Data Improvement Strategy.

Fundamentally, the purpose of the Fund is to pay the correct pension benefits to its members when they fall due. It is therefore essential that the Fund achieves and maintains high data quality standards, to comply with its core function and to ensure the cost-effective use of resources. High quality data is also the basis for all fund valuations and effective decision making.

Keeping and maintaining high quality data has become increasingly challenging over time for LGPS Funds due to the continual diversification of the employer base, increasing numbers of scheme members, employers using external payroll providers and the complexity inherent in the scheme's design. However, the Fund is committed to meeting these challenges by using the approaches outlined in this strategy.

## 2. Legislative framework

This Fund and its employers have a legal obligation and statutory duty to comply with various regulations, standards and formal guidance; these include, but are not limited to:

- LGPS Regulations 2013, as amended.
- Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014.
- The Pensions Act 1995, 2004 and 2008.
- The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.
- Data Protection Act 2018.
- Freedom of Information Act 2000.
- Pension Regulator's General Code of Practice.
- Pensions Dashboard connection requirements.

This document considers the requirements of these different pieces of legislation, codes and guidance in determining the Fund's approach and its priorities.

### 3. Strategy objectives

#### a) Key objectives of this strategy

- Ensure accurate records are maintained to enable the accurate calculation (and payment) of pension entitlements and employer liabilities; ensuring all information and data is communicated securely and accurately, within prescribed timescales.
- Ensure that the Fund is compliant with legislation and, in particular, with the General Code of Practice and the guidance of the Pension Regulator. Furthermore, in doing so, ensuring it establishes a robust, reviewable and transparent framework necessary for the acquisition and upkeep of accurate, complete and up-to-date records.
- Establish proportionate, cost effective and efficient data cleansing approaches relative to the particular importance of each data item. As part of this, appropriate technology will be used wherever possible to improve data quality standards, and the streamlining of operational processing across employer and Fund workstreams.
- To focus on making sure the Fund's data is correct at source by using preventative approaches wherever possible (section 4). Data cleansing activities should very much be used as a second line of defence, rather than the main strategy to hold clean data.
- To ensure clarity of roles and responsibilities between the Fund and employers, ensuring all parties are committed to continuing engagement to improve data quality and promote accurate record keeping.
- To ensure that all data collection processes are clearly documented and regularly reviewed to check the validity of data.
- To enable members to connect to the Pensions Dashboard and Engage (the member self-service portal) in a timely manner.

The following four sections of this strategy set out the four key stages to this process:

**Section 4: Obtaining good quality data** – ensuring new data is accurate at source.

**Section 5: Maintaining good quality data** – ensuring that all new data received is maintained so that it remains accurate.

**Section 6: Measuring success** – identifying metrics to determine the effectiveness of the current approaches. Due the complexity of the undertaking by the Fund, and its reliance on other parties, it is to be expected that some areas of improvement will be required.

**Section 7: Improving current data quality** – Identifying any areas for improvement from the measures in section 6. Where such areas for improvement are identified, a Data Improvement Plan will be put in place.

## b) Risks to the strategy

There are a number of risks to the Fund successfully fulfilling its strategy. The following key risks have been identified:

- **Employer engagement (if not forthcoming):** Employers provide the bedrock of the data requirements for active members. There is a risk of the Fund holding poor quality or missing data due to the failure of the employer to provide the necessary data in a timely manner. The Fund seeks to reduce this risk through being proactive with employers, seeking positive engagement with them and providing effective systems and training.
- **Regulatory changes:** Regulatory changes (such as McCloud) can have a wide variety of impacts on the Fund such as altering priorities and/or increasing Fund workloads, requiring the Fund to collect historical data that it did not need previously and changing Fund objectives.
- **Staff knowledge and retention:** Due to the technical complexity of the LGPS, it takes time to train staff to the required level and it makes staff retention particularly important. Therefore, there is a risk to the strategy if the Fund encounters difficulties recruiting and retaining staff.
- **Software limitations:** The Fund is highly reliant on its software packages working effectively to deliver its strategy. If these packages fail to work as expected, this puts the strategy at risk.
- **Cyber risk:** Linked to the Fund's ever-increasing reliance on software packages, cyber-attacks would have an increased impact on the Fund's ability to operate and for this strategy to be fulfilled.

## 4. Obtaining good quality data

An essential part of any data improvement strategy is to ensure that good quality data is received at source and accurate processing takes place to create new, accurate data items. The Fund's data requirements are outlined within its Administration Strategy, template forms and employer's guide, all held on the website. Outlined in this section are the approaches that the Fund will use:

### a) i-connect and accurate data submissions

The Fund has recently purchased i-Connect, which it intends to use as a core part of the Fund's data improvement strategy once it is rolled out across all employers. i-Connect acts as a portal which sits between employers and the Fund and it helps ensure the data submitted from employers to the Fund passes a high number of data validation checks before it is uploaded on to the Fund's administration system, thus reducing the risk that poor quality data enters the system and discrepancies arise between an employer's payroll software and the Fund's administration system. i-Connect creates data from the time the member first joins the Scheme and hence it aims to establish accurate data from the start of each member's membership in a timely manner.

Officers will also put in place a series of internal checks beyond the i-Connect checks, to ensure that data uploaded this way has a high degree of accuracy.

The Fund's intention is to begin rollout of i-Connect from late 2024 or early 2025 and to reach full roll out (i.e. all active members covered) by the end of 2026. However, the pace at which this will be achieved is heavily dependent on employer engagement, their resources and reporting expertise.

### **b) Employer training, engagement and support**

The Fund is reliant upon the accuracy, completeness and timeliness of data provision from employers and any third-party agencies they may utilise e.g. payroll providers. Whilst most data submissions will be made using i-Connect, some data submissions will continue to be sent separately.

To maintain complete and accurate records there needs to be a continual dialogue with employers regarding the provision of data, particularly as employer contacts change. Fund Officers will work with named employer representatives throughout the year to support the general activities of the Fund, clarifying information and data provided and actively seek to train employers on all aspects of pensions administration as necessary. It is an employer responsibility to both provide accurate data and to provide resources to respond to ad-hoc enquiries, bulk data activities such as year-end data submissions and data reconciliations.

The Fund will set out an employer training plan, review and improve all material available to employers such as the employer's guide and continue to provide other supplementary information through the mediums of newsletters, forums, the Administration Strategy, the website and webinars.

### **c) Clear data submission templates and forms & timely delivery**

The Fund recognises that due to the nature of the Scheme, it has relatively complex and time-consuming data requirements and it has a responsibility to ensure that its templates and forms are as simple as possible to understand and complete. As part of a current project undertaking a review of repeatable processes, the Fund will analyse where errors and misunderstandings often occur in relation to its forms, letters and other templates, and make adjustments wherever possible to reduce the frequency of this occurrence by supporting employers.

Furthermore, the Fund needs to ensure the timescales outlined in the Administration Strategy are met to ensure the timely delivery of data by following the protocols stated within it and that it uses the Fund's escalation policy, where necessary, if other approaches are exhausted.

### **d) Effective internal controls and processes**

All processes must be underpinned by suitable documentation, staff training and skills transfer to ensure ownership, understanding and compliance at both a Fund and employer level. As the Fund processes source data, it needs to ensure that the new data it creates is also accurate. It will do this by making sure clear and up to date procedures are in place and are being followed, the Altair pension administration system is up to date and any 'known errors' are communicated to processors, processes are adjusted where necessary and relevant managers undertake regular reviews of the work being processed and they make recommended improvements where necessary.

### e) Timely receipt and processing of data

Another key element of ensuring data used is accurate is for the Fund to receive and process data in a timely manner. The Fund will aim to ensure it always has appropriate resource in place, work is prioritised appropriately and any data backlogs are quickly identified and a plan is put in place for reducing such backlogs.

The Fund's desired processing levels are outlined in the Fund Administration Strategy while Disclosure Regulations and guidance issued by other bodies, such as CIPFA or SAB, provide further requirements and guidelines. Collectively, the Administration Strategy forms a set of Key Performance Indicators (KPIs) which Officers, the Local Pension Board and the Committee will monitor performance against and Officers will put plans in place where KPIs are not being met and specific action is required to address the matter.

### f) Fund Administration Strategy

The Fund will regularly review its Fund Administration Strategy to make sure it is up to date and fit for purpose. It contains a detailed overview of Fund and employer responsibilities, performance standards and escalation policy. The Fund will also actively monitor employers and as well as its own performance against the details contained within the Strategy and take appropriate actions if issues arise.

## 5. Maintaining good quality data

Whilst the Fund will always strive to obtain good quality data at source and process it accurately, inevitably there will be scenarios where the Fund will become aware of out of date and incorrect data at a later date and these inaccuracies will need to be proactively identified and rectified. Furthermore, there are historical instances where fewer data controls existed due to resourcing constraints.

The Fund will seek to maintain good quality data by using the approaches below:

### a) Data reconciliations and inconsistencies

A brief summary of key data reconciliation exercises that the Fund will undertake are outlined below.

Review activity	Output	Timescale
<p><b>Employer Data review (actives): i-Connect, other monthly submissions and end of year returns:</b> Key data items received through all these methods will be compared against the Fund's data to identify missing or incorrect information. Such as: missing records, members which have left, pay or contribution information which is different to expectations.</p>	<p>Employer performance will be measured against these different checks and issues will be raised back with the employer as per the Fund's Administration Strategy.</p>	<p>Monthly (i-Connect employers)/ At least annually (other employers)</p>

<p><b>Altair/Pensioner Payroll reconciliation (Pensioners/Dependants):</b> The Fund undertakes quarterly reconciliations between the pension payroll system and pension administration system across all new pensioners and other records where the data on both systems previously matched.</p>	<p>As issues are identified out of this reconciliation exercise, they are fed back to the team raising the payment instructions to investigate the cause of the discrepancy and to put in steps to avoid a repeat.</p>	<p>Quarterly</p>
<p><b>Supporting data reviews (all member statuses):</b> Periodic checks and rectification of items such as: *Any missing pension increase or CARE revaluations on the administration system. *Review of the number of ‘gone aways’ (returned mail – incorrect postal addresses) *Life existence monitoring.</p>	<p>The Fund has built a number of dashboards in MS Access and Insights to enable quick identification of data inconsistencies and rectification either from in house teams or using third parties as necessary.</p>	<p>Monthly/Quarterly</p>
<p><b>Cross-checks between administrative and financial data:</b> For example, employer cost centres, outgoing payment reconciliations etc.</p>	<p>Ensuring current processes and controls are effective</p>	<p>Monthly (payment) Annually (costs centres)</p>
<p><b>Actuarial Valuations data cleanse:</b> As part of triennial and ad-hoc actuarial valuations, the actuary and Fund undertakes consistency checks between the valuation supplied at different points in time.</p>	<p>Where inconsistent data is identified, this is corrected for the purpose of the valuation but also on the administration system</p>	<p>Every 3 years (whole Fund), ad-hoc basis otherwise.</p>

## b) Engage and Member ‘self-checking’

The Fund encourages members to review the data provided on communications sent to them on the communication itself and, once rolled out to members, on the member self-service portal (‘Engage’). The Fund will also continue to develop its standard letters and templates to make it clear what data it has relied upon to perform calculations. Examples of relevant communications are Annual Benefit Statements & statutory notifications.

## c) Using third party data services

The Fund will make use of third-party data services to improve the quality of its data and also support the administrative function. These are provided by outside organisations as either collaborative ventures (at no or minimal cost) or procured commercially. The Fund uses these approaches where it either does not have access to the necessary information or it is able to benefit from the specialist services of an outside company.

### **LGPS National Insurance Database & 'Tell Us Once' Service**

Administered by South Yorkshire Pension Fund Authority (SYPA) on behalf of the Local Government Association (LGA), a secure National Insurance Database was developed for LGPS administering authorities to share data to prevent the duplicate payment of death grants. This follows changes to Scheme Regulations in 2014, by virtue of which, payment of a death grant in respect of a member with entitlement to multiple membership categories, is restricted to an aggregate payment value in relation to any active or pensioner/deferred membership. When processing the death of a scheme member, officers will procedurally check the LGPS National Insurance Database for the existence of membership at other LGPS Funds.

The LGPS National Insurance Database also facilitates the integration of the Funds membership profile into the government 'Tell Us Once' service, as administered by the Department of Work & Pensions (DWP). The 'Tell Us Once' service allows a person registering a death to request that the DWP pass on the deceased's information to other government departments and council services. If the deceased is a member of the Fund, as determined by the LGPS National Insurance Database, the Fund will identify this on a daily basis by reviewing notifications on the data portal.

Furthermore, the Fund uses the NI Database to identify eligibility for refunds and interfund aggregations.

### **Data Cleansing/Tracing organisations**

The Fund appoints and uses a third-party tracing agency to undertake the following activities:

- Identify the current postal address of a member with whom contact has been lost.
- Find next of kin details where the Fund is unable to establish these.
- Request death certificates (where the Fund cannot obtain them itself).

For addresses, the loss of contact will normally occur when a deferred or pensioner member fails to notify the Fund of a change of address and the Fund identifies this through receipt of returned mail.

### **Mortality Screening Services**

Provided commercially, the Fund commissions a third-party tracing agency to undertake a monthly review of its deferred and pensioner memberships against the national death register as administered by the General Register Office (GRO) which is part of HM Passport Office.

Separately, the Fund undertakes an additional exercise for pensioners who live overseas where periodic checks are made to ensure that such pensioners are still alive.

### **National Fraud Initiative (NFI)**

Administered by the Cabinet Office, the NFI programme is a biennial exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. As a participant, the Fund receives a report of 'matches' to investigate, to take remedial actions and update records accordingly.

## 6. Measuring success

The Fund's key measures of success are the following outcomes:

### a) tPR's common and conditional (scheme specific) data targets

The Pension Regulator (tPR) sets out two data quality measures which it expects Funds to test against.

- **Common data:** Data used to identify scheme members and includes names, addresses, national insurance number and date of birth and other similar data.
- **Scheme Specific data:** Data deemed essential to calculate benefit entitlements for the LGPS such as, member contributions, pensionable pay & service history. It also encompasses data relating to events that occur during an individual's membership, for example transfers, purchase of additional pension and pension sharing orders.

Both types of data are equally important but are defined separately for the purposes of measurement by tPR.

tPR set targets of 100% for both common and conditional (scheme specific) data. Whilst there are some limitations with this methodology, and reaching 100% is challenging, the Fund uses these targets as a guide to measure its data quality.

### b) Percentage of active and deferred Annual Benefit Statement produced on time

The percentage produced by 31 August of each year. The regulatory target is 100% and therefore this is also the Fund's target. As it is only possible to produce an annual benefit statement if the data held by the Fund is sufficiently accurate, this measure acts as a good guide as to the accuracy of active and deferred membership data.

### c) Key Performance Indicators (KPIs)

Similarly, the Fund is only able to meet its KPIs regularly if accurate data is held on its system and therefore the ability to meet these targets is another indicator of good data quality. The specific KPIs and the Fund's target levels are set out in its Administration Strategy and performance is reported to the Committee quarterly.

### d) Workloads

The Fund will seek to maintain workloads across all the supporting tasks (i.e. non-KPI tasks) within internal targets. This is another important measure of data quality.

### e) Data consistency between the pensioner payroll and administration systems

The Fund expects high levels of consistency between these different systems, as checked using the reconciliation outlined in section 5a.



#### **f) Data consistency between employer and Fund data**

All key pension related data to reconcile, after allowing for time required to process work in line with the Administration Strategy.

#### **g) Pensions Dashboard ‘find’ and ‘view’ data items**

Ensure a high level of accuracy of each of these data items.

The Fund will periodically undertake a review against each of these measures.

Note: There is an interlink between many of these measures and therefore they will be reviewed as a collective.

## **7. Improving current data quality**

As and when areas for data improvement are identified under section 6, the Fund will put into place a Data Improvement Plan with specific actions and timeframes in place.

## **8. Plan review and monitoring**

The Fund will review this policy document periodically, and as required, to reflect changes in regulations and Fund working practices. Scrutiny and oversight will be provided as and when is required by the Local Pension Board, the Pension Committee, the Pension Regulator and internal and external auditors.

## **9. Related policy statements**

The following related documents can be found on the Fund’s website:

- [↗ Pension Administration Strategy \(including escalation policy\)](#)
- [↗ Fund Business Plan](#)
- [↗ Data Improvement Plan](#)

<b>Version</b>	<b>Reason for change and approval</b>
1.0	New version created, approved by Gloucestershire Pension Fund Committee on 19 Sept 2024