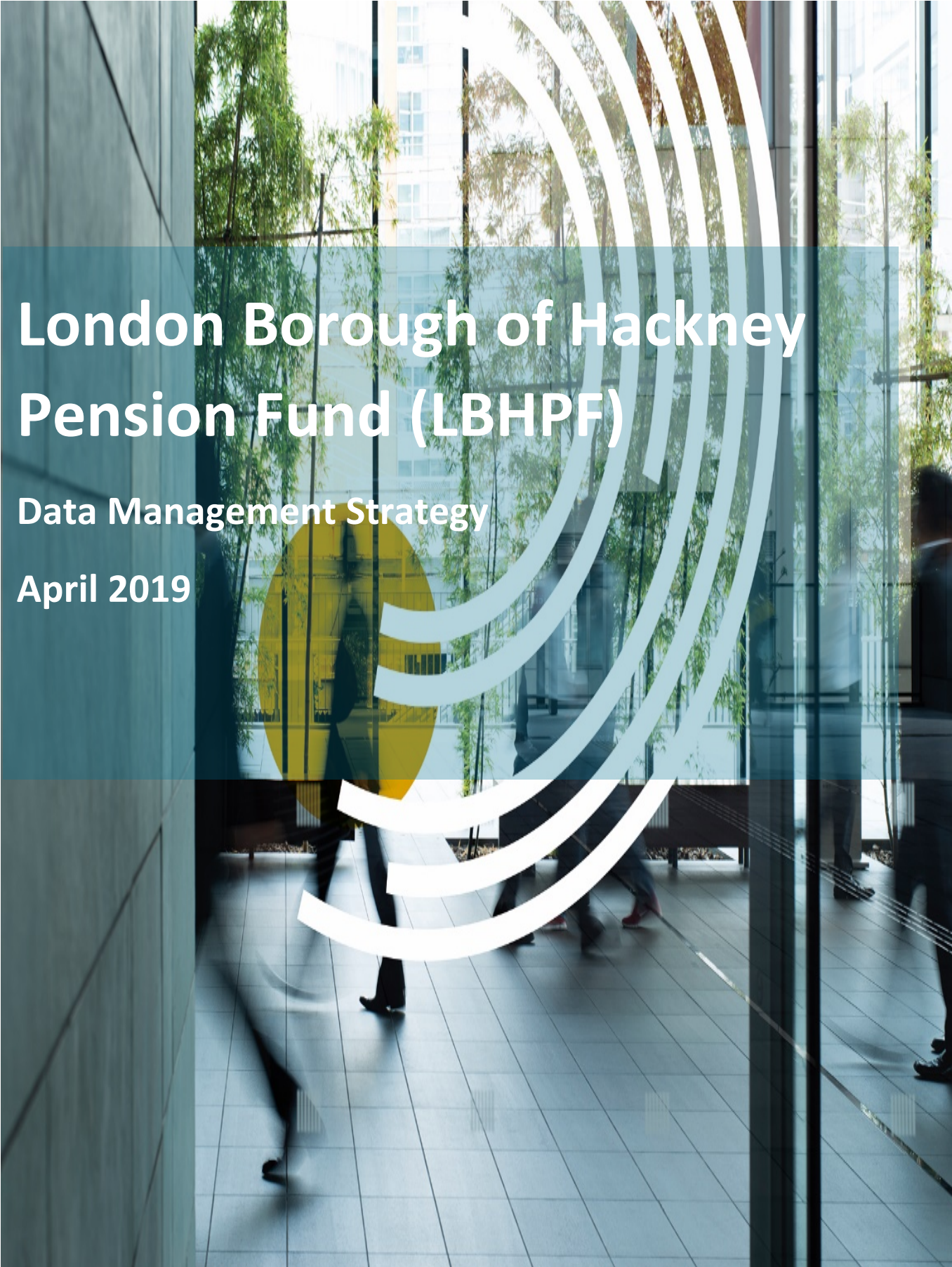# London Borough of Hackney Pension Fund (LBHPF)

Data Management Strategy

April 2019

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EXECUTIVE SUMMARY

This is the London Borough of Hackney Pension Fund's ("LBHPF") data management strategy that is reviewed annually with the Fund's administrator.

Our strategy is:

- Prevention – ensure new data going into the Fund meets risk based criteria

- Correction – resolution of identified issues

- Ongoing management – protection of the Fund with automated system developments, mortality screening etc; ongoing quality testing of data using common data/scheme specific reports

Key Objectives & Activities

The key objectives of this strategy and the activities of Fund officers are directed to ensure that:

a) the Fund ensures compliance with the guidance of the Pension Regulator and establishes a robust, reviewable and transparent framework necessary for the acquisition and upkeep of accurate, complete and up-to-date records

b) accurate records are maintained for the purpose of calculating pension entitlements and employer liabilities; ensuring all information and data is communicated securely and accurately, within prescribed timescales

c) secure communication processes are in place to enable both the Fund and employers to proactively and responsively engage with each other in respect of record keeping and data quality standards

d) the continued development of appropriate technology to improve data quality standards, and the streamlining of operational processing across employers and the Fund

e) the Fund and its employers have a clear understanding of their respective roles and responsibilities, ensuring all parties are committed to the continuing engagement to improve data quality and promote accurate record keeping

f) all data collection processes are clearly documented and regularly reviewed to 'stress test' the validity of data and to ensure they are aligned to updated legislative requirements

g) there is commitment to monitor the delivery of specified activities in accordance with the relevant regulations and the Pension Regulator's Code of Practice

h) a programme is in place to assess compliance with the policy, to test internal controls inherent within data collection processes and to ensure training requirements are identified and actioned

i)   the Fund will engage with large Scheme employers to facilitate a drive towards electronic submission of member data and documentation using the Fund's established protocols ('Employer Electronic Interface Files')

j)   the Fund is committed to extend the secure electronic submission of member data and documentation by other employers over a staged launch programme.

This document is to capture the key risks identified in the Fund's data, mitigations the Fund has in place, and those yet to be implement, to protect data against those risks and to enhance and improve the quality of data collection in the future.

The approach the Fund is taking in conjunction with its administrator Equiniti, is to:

- Ensure a full data review and integrity exercise is undertaken annually

- Assess current data quality and its impact on Fund's statutory duties to assist in the formulation of data improvement plans

- Set in place further education programmes for employers in respect of their roles and responsibilities to the Fund (and their members) and to continue with data cleanse projects to improve data quality

- Improve data coming into the Fund into the future, so any errors are corrected prior to being loaded onto the Fund's administration database

DATA RISKS

Identification

LBHPF (the administering authority) works with Equiniti to identify risks to the data held on the Fund's administration database. This involves capturing issues during monthly Service Reviews and documenting risks that impact on calculations, communications and the member experience. The issues raised reflect activity from members and employers across the whole of the Fund, but it has become very apparent that the majority of continued problems lie with the main employer in the Fund, London Borough of Hackney. There has been no improvement in the data submitted by the employer, despite invoking additional administration charges in accordance with the Fund's PAS (pension administration strategy).

The administering authority has identified a number of priority risks that affect the integrity of the membership data for all of its employers, these are fundamental in nature and have significant impact on the Fund's ability to fulfil its statutory duties:-

1. The long-term failure of any working interface from the main employer in the Fund (London Borough of Hackney)

2. Poor quality data, missing or incomplete member information from the main employer for its members (London Borough of Hackney)

3. No addresses or incomplete address information

4. The main employer implementing an employee self-service function to update addresses to HR files (London Borough of Hackney)

5. No Unique Reference Numbers (URN) provided (London Borough of Hackney)

6. Missing or temporary NINOs

There are a number of other areas of potential risk, and these apply across the Fund:-

7. Deferred and pensioner members not keeping address details updated

8. Non-notified deaths

Priority Data Issues and Risks

Issue	Errors Identified	Risk/Impact
1. **No working interface from main employer (LBH)**	Payroll data reports not in suitable format to interface with pension administration system, unable to auto upload : Starters/Leavers/Change details – hours, pay, role, marital status, APP, mat pay, zero pay/50-50 & main scheme elections/opt outs/re-joiners/automatic & contractual enrolment/correct contribution data	Incorrect membership numbers for the employer & Fund: active/deferred/pensioners/dependents Unable to reconcile contributions from employer & employees Additional contribution contracts not held or correct on member record Future pension benefits incorrectly calculated Non-compliance with common data/scheme specific data Inaccurate benefit statements – annual active/deferred Unable to issue regulatory scheme notices (joining, claim forms, death grants, benefit statements) within regulatory deadline Reporting of incorrect member details & service records when using on-line Member self-service and accessing retirement quote calculations
2. **Poor quality data from main employer (LBH)**	Incomplete and/or inaccurate data for: new starters/leavers/opt outs/50-50 & main scheme elections Incomplete and/or inaccurate change data for: hours/pay/role/APP/zero pay Incorrect member details: marital status/NINO/DoB	Incorrect membership numbers for the employer & Fund: active/deferred/pensioners/dependents Unable to reconcile contributions from employer & employees Additional contribution contracts not held or correct on member record Future pension benefits incorrectly

Issue	Errors Identified	Risk/Impact
		calculated Non-compliance with common data/scheme specific data Unable to issue regulatory scheme notices (joining, claim forms, death grants, benefit statements) within regulatory deadline Reporting of incorrect member details & service records when using on-line Member self-service and accessing retirement quote calculations
3. Address details (active members)	Missing addresses/Out of date addresses. Incorrectly formatted address, e.g: post codes/abbreviations of place names.	Non-compliance with common data/scheme specific data Personal data being sent to the wrong person – GDPR breach Unable to issue member communications, e.g. statements, newsletters, payslips etc in accordance with the regulations
4. Employee self-service at main employer (LBH)	Employee self service facility at main employer, permits non-standard formats to update addresses: Inaccurate and/or incomplete address information input by member	Non-standard format could impact on-going & scheduled interface work being undertaken Unable to issue member communications, e.g. statements, newsletters, payslips etc in accordance with the regulations Non-compliance with common data/scheme specific data

Issue	Errors Identified	Risk/Impact
8. **Unique Reference Numbers (URN) (LBH payroll numbers)**	Missing URNs: Cannot identify members or member's records correctly. Legacy identifiers recorded on the pension administration system following payroll provider change not updated. Individuals with no reference number present.	Cannot correctly match members who have multiple records, with the particular pension record associated with a role/job. Future pension benefits incorrectly calculated for each role/job
5. **National Insurance numbers (NINOs)**	Some erroneous data has been entered to make up NINOs and/or final letter of NINO is not included Temporary NINOs have been entered/used	Invalid or incorrect NINOs result in paying the wrong amount of income tax Non-compliance with common data/scheme specific data
6. **Address details (deferred & pensioner members)**	Missing addresses/Out of date addresses. Incomplete and/or incorrectly formatted address, e.g: post codes/abbreviations of place names.	Non-compliance with common data/scheme specific data Personal data being sent to the wrong person – GDPR breach Unable to issue member communications, e.g. statements, newsletters, payslips etc in accordance with the regulations
7. **Non-notified deaths (by NOK)**	Aware of the death through mortality screening or a certificates of existence exercise. Case management is lengthy until a confirmed date of death is established.	Continuing to pay benefits to deceased members – increased risk of fraud Incorrect DoD used causes incorrect payment of spouse's/dependent pension Incorrect membership numbers for the employer & Fund: active/deferred/pensioners/dependents

MITIGATING RISKS

Along with monthly data quality checks and data cleansing exercises the Fund, in conjunction with its administrator Equiniti, make use of third party data services to continually monitor and improve the quality of its data, and to also support the administration function. These are provided by outside organisations as either collaborative ventures (at no or minimal cost) or procured commercially.

Tell Us Once Service (TUO)

The service allows a person registering a death to request that the DWP pass on the deceased's information to other government services and council services. If the deceased is a member of the Fund, an email notification is received informing the designated officers that a copy of the death certificate is accessible on the secure government gateway.

Member Address Tracing

The Fund has access to Equiniti's address tracing service, which it utilised on 2016. The Fund is also able to contract a specialist tracing provider from the National LGPS Frameworks. These exercises involve periodic checks on membership data against central registers to ensure the most up to date address is held for scheme members, and to flag up if any of our scheme members may have died but the Fund has not been notified either by the scheme member's representatives or via TUO. Where no address is identified for those approaching NRD (normal retirement date), a forensic search can be done at additional cost, and will be considered by the Fund.

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.

Continued Entitlement to Pension Benefits checks

Every year the Fund instigates a continued entitlement check of scheme members who are in receipt of a pension and are over the age of 80, and/or are residing overseas. The process is that scheme members are written to and asked to complete a form, and to have the completion of it witnessed, before returning it to the administrator. This process demonstrates to the Fund that the scheme member is still alive and entitled to the pension that is being paid to them. This process also identifies scheme members that have changed address and not notified the Fund.

Data Cleanse exercises

The administering authority in conjunction with EQ, are already in the midst of a full data cleanse exercise which started in the summer of 2018, due to the continued data issues experienced when producing annual benefit statements. The majority of issues lie with the Fund's main employer,

London Borough of Hackney, where the Fund receives incomplete and/or inaccurate data provision or the non-provision of data on a monthly basis.

Monitoring the data cleanse exercise is done via a data improvement plan which provides the high level detail on the actions taken overall to improve data and data submission across the Fund, the targets achieved and those that are ongoing.

The activity overview provided below supplements this, and although the issues, actions and improvements will affect/benefit the Fund as a whole, it focuses on the data issues that currently impact the membership of the main employer, London Borough of Hackney.

Priority Data Risks - Activity Overview

LBHPF and Equiniti have jointly identified a number of priority risks that impact on the integrity of the Fund's data. A clear plan on how to mitigate those risks has been drawn up, the actions to be taken and the expected outcomes.

These are captured in the table below:-

Risk	Action	Status	Outcome
1. **No working interface from main employer (LBH)**	LBH Payroll provider (Midland iTrent) in conjunction with the administering authority and EQ, to write interface report to required specification from EQ	Currently in progress (refer to the Interface/ABS Project Plan)	Regular and consistent data received by the Fund & its administrators Correct membership for the employer & Fund: active/deferred/pensioners /dependents
2. **Poor quality data from main employer (LBH)**	Improve validation of data at point of entry to admin system – provide access to ESS (employer self-service) which asks employer to validate errors immediately	In progress (refer to the Interface/ABS Project Plan)	Improved data quality, improve efficiency of data processing and ensure accurate benefit calculations
	Employer to set up roles/responsibilities & processes for use of ESS – set up processes for error correction & resubmission	ESS testing underway as part of interface development (refer to the Interface/ABS Project Plan)	LBH to be using ESS for interface upload by 2020. Improved data validation at source to prevent poor data being loaded onto the Fund's admin database Correct membership for

Risk	Action	Status	Outcome
	Enhance functionality for ESS from testing feedback prior to full launch	Not yet implemented (dependent on testing)	the employer & Fund: active/deferred/pensioners /dependents
3. Address details (active members)	Common data check	In place - annual common data checks	Compliance with common data/scheme specific data
	Most recent report run Nov 2018 – areas for improvement identified	A Data Rectification Plan has been written (refer to separate document) but is on hold due to current full data cleanse exercise	Issue member communications: statements, newsletters etc in accordance with the regs
	Address tracing	In place - last check 2016	Compliance with common data/scheme specific data
	Address tracing - to follow after 2019 annual benefit statement exercise completed	Potential start date Sept 2019	Able to issue member communications: statements, newsletters etc in accordance with the regs
4. Employee self-service at main employer (LBH)	Address change issues made via this self-service will be validated as part of interface work.	Employee self-service is in place at the employer.	Address data in correct format to load to admin system Compliance with common data/scheme specific data
	Auto validation via ESS portal at the point of entry	Will be in place once interface is finalised/signed off	Able to send out member communications for active members in accordance with the regulations.
5. Unique Reference Numbers (URN) (payroll numbers)	Review payroll data to ensure reporting of URN Add URNs to pension administration database	In progress (refer to the Interface/ABS Project Plan)	Identification of members with multi-roles easier, correct benefits calculated and paid

	Risk	Action	Status	Outcome
6.	National Insurance numbers (NINOs)	Common data checks and cleanse project	In place - annual checks on common data. In progress – data cleanse since Aug 2018	Valid & correct NINOs result in paying the correct amount of income tax Compliance with common data/scheme specific data
7.	Address details (deferred & pensioner members)	Member online self-service (MSS) – permits updates to address information directly to the pension administration system	In place & available to all deferred and pensioner members	Compliance with common data/scheme specific data Able to issue member communications: statements, newsletters, payslips etc in accordance with the regulations
		Address tracing for deferred members will be implemented following the 2019 annual benefit statement exercise	Potential start date Sept 2019	
8.	Non-notified deaths (by NOK)	Regular mortality screen & existence checking	In place – annual mortality & existence checks done	Protection from overpayments/potential fraud Correct membership for the employer & Fund: active/deferred/pensioners /dependents

MEASURING DATA QUALITY

From 2018, all Funds were required to report annually on:

Common data = 11 pre-set data fields used to identify members (e.g. name, address, DOB, NINO)

- when the Fund last measured common data

- what the Fund's common data score was

Scheme specific data = any other data needed to run the scheme. 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:

- when the Fund last measured scheme specific (conditional) data

- what was the Fund's scheme specific data score

The LBHPF data is measured and reviewed on the following basis:

- Common data reports - used to identify scheme members and would include names, addresses, national insurance number and date of birth.

- Scheme specific reports - essential to calculate benefit entitlements such as, member contributions, pensionable pay, service history.

- Annual renewal data – year-end payroll data reports from employers providing member changes to hours, pay, roles, APP etc

- Existence checking – essential to ensure benefits are still due & payable to retired members

Common Data

The last common data report was run in Nov 2018 and the Fund's data score was 93%. The table below shows the number of members that have failed data checks and gives an indication of the total number of scheme members with some form of data issue. However it may be that an individual may fail more than one test, so the total number of tests failed, is likely to exceed the total number of members who have failed one or more of the tests.

Population	Total Members with Fails
Active members	965
Deferred members	1211
Pensioners	210
Others	70
All members	2456

An updated data report will be run after completion of the 2019 ABS exercise c.September 2019, and the data errors updated to the full data improvement plan.

Scheme Specific Data

To ensure consistency across all administering authorities, the SABEW (Scheme Advisory Board – England & Wales) have been working closely with MHCLG (Ministry of Housing, Communities & Local Government) and GAD (Government Actuary Body) to develop a standard set of conditional data for administering authorities to use when completing the 2018 scheme return. The intention was to have this available to Funds by mid-June of 2018, however, the final data-set is still under development by SABEW.

LBHPF and EQ have agreed that until a Scheme Specific data-set is agreed nationally, LBHPF would be able to measure data against the existing data-set currently in place for Equiniti's other clients. Therefore, in October 2018 in order to meet the new reporting requirements, LBHPF scheme data was measured using the pre-existing data-set, however it uses every data field the pension administration system holds a record against, and a number of these data fields do not relate to the LGPS or to benefit calculations; this explains why our data score result was extremely low at 10%.

Annual Renewal Data

An annual renewal data collection spreadsheet is sent to all employers in the Fund each February, and they are requested to provide their members data in the prescribed format. The data is submitted to EQ for validation checks against the pension fund admin database. Any discrepancies in data are returned to the employer(s) for correction/completion and return to EQ.

This exercise highlighted the continued issues with the main employer's membership data (LBH data), as year-end reports have either not been provided or the quality of the data is not fit for purpose. The administering authority has had to review and correct LBH's data where possible, in order to produce some of the annual benefit statements for LBH members.

There have been no significant issues with other employers in the Fund. Data is provided in accordance with the PAS, replies to queries are responded to promptly and issues quickly resolved.

Going forward, all employers will be using the ESS portal (employer self-service) portal for the submission of their monthly data, so any erroneous data will be rejected at the point of entry, and a warning dispatched to the employers to correct and resubmit their data. This will make the year-end process far easier to manage, with less data errors and retrospective corrections required.

DATA IMPROVEMENT

The Fund takes its responsibilities seriously on working with employers to comply with the scheme regulations and its statutory duties. This is done by having an up to date website & helpline, providing guides & factsheets, onsite support and training, and as a last resort levying additional administration charges by implementing the PAS (pension administration strategy).

The Fund has also been working with Equiniti, to initially clean the data held on the administration database for all employers, and in particular LBH, by:-

- Fixing/adding URNs - where they are incorrect or missing

- Identifying leavers or opt outs where incomplete data has been provided – providing leave date/earnings data/APP /forms

- Updating leaver and new joiner information – deferring member records and setting up new records as required, issuing correct communications

- APCs – ensuring all additional contracts for buying pension and lost pension are recorded

- Earnings and hours information – updating member records to reflect changes to hours/earnings/roles

The current extensive cleansing programme will provide a more accurate and stable starting point for the 2019 annual benefit statements to run for LBH. However, the Fund and Equiniti are acutely aware that running an interface following this, will no doubt create a multitude of errors, in relation to this employer's membership, that will need to be investigated and corrected. A clear action plan will be drawn up, and adequate resources sourced, once the full extent is known.

Going Forward

Using the improved monthly administration report from Equiniti, and the employer task spreadsheet, the Fund/Equiniti will develop a regular performance report to all individual employers. This will help to inform the employer of poor quality or missing data, any areas for improvement and, where necessary, will help in developing an action plan to rectify those areas.

FUTURE PROOFING THE FUND'S DATA

Employer Interface Development

To assist the main employer (LBH) in improving its data, the Fund and Equiniti have been integral in the development of a working interface file by providing file formats, liaising directly with the employer's payroll provider to formulate interface reports, providing corrected data for test files, running and rerunning test files and providing feedback on corrections needed.

Once the interface is finalised, it will be uploaded using the new employer portal – ESS (see below) – which operates a series of validations at the point of entry before any data is loaded to the pension administration system. The portal development will not only assist the main employer, but will also ensure data improves for all employers in the Fund, by using the portal and a standardised report.

Employer Data Portal – ESS (on-line employer self-service)

In order to help future proof the Funds data, Equiniti have developed an on-line portal for use by the Fund's employers - ESS (employer self-service). ESS ensures that data received in the future, is accurate and rejects poor data before being loaded onto the Fund's admin database.

ESS has been available in a test environment since 1 December 2018 and there are currently 4 employers (including LBH) testing and providing feedback. This secure portal features:-

Key Features:

- ✓ Secure transfer of data from employers to the administrator

- ✓ Interface file management with real-time validation at point of entry

- ✓ Employer access to their members details (on a restricted access basis) and ability to check member details and perform retirement calculations (if permitted)

- ✓ Document Library – access to employer forms, employer guides and factsheets

- ✓ Device friendly – PC, mobile, tablet

The ESS interface module has real-time levels of validations, i.e. data gets rejection before being loaded onto the Fund's admin database. Data rejections are immediately notified to the employer for correction and resubmission. Validations are LGPS specific and includes Common Data items. Appendix 1 details some examples of the built in validations.

The ESS is currently available to London Borough of Hackney (and 3 smaller employers) in a test environment. The full ESS launch project will commence once the Fund are satisfied that the test employers are able to use the portal successfully. The full launch strategy to all employers will be finalised no later than 1 October 2019 taking into account feedback from those test employers.

On-line Member Self-Service – MSS

Equiniti have developed a secure on-line Member Self Service area (MSS), where members can log on to access their LGPS membership details and get retirement quotes. MSS has been designed to help members understand their personal pension benefits, gives them the ability to review their personal details and also to see annual benefit statements and other correspondence sent to them.

Pensioner members and deferreds are able to review and update their personal details such as their address, telephone number/other contact details, and these updates will be uploaded directly on to their pension records.

Active members will have a number of restrictions in place, and as such will not be able to update or amend any of their personal details when using MSS. Any amendments or updates will mostly be picked up via the monthly interface from their employer, others will require the member to complete a change form to send to the administrator to update their record.

CONCLUSION

The Fund continually reviews the quality of data held throughout the year and strives to keep this as complete, accurate and up to date as possible. The Pensions Regulator requires Funds to undertake a review of data quality at least annually, and this strategy consolidates the work being reviewed and undertaken, in various areas, to improve the quality of data.

This strategy concludes that, whilst data quality is considered to be good within the Fund from other employers, there remains considerable problems with the main employer to be addressed and improvements made, and consequently in order to manage this process a data improvement plan, a separate interface/ABS project plan and this data management strategy have been developed.

APPENDICES

Appendix 1

ESS – employer self-service

Some examples of data validations on the ESS module are listed below:-

Code	Validation description
A5	Contributions have reduced/increased by 10%
A7	Salary has reduced/increased by 10%
A1	Role Mismatch
UE	Date Joined Scheme prior to Date Joined Company
HE	Payroll Number missing
15	Member changing to full time hours but there are no part time hours recorded prior to the change
13	New Entrant - DOB Missing
IE	Record Type missing or invalid
A9	APC contribution received where no contract exists
A8	Effective Date for Conts and Earnings cannot be before Date Joined the Scheme