

## London Borough of Hammersmith & Fulham

**Report to:** Pension Fund Committee

**Date:** 23 November 2021

**Subject:** Pension Fund Data Quality

**Report of** Eleanor Dennis, Pensions Manager

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### Executive Summary

This paper sets out a summary of the data quality issues for the London Borough of Hammersmith & Fulham Fund and the mitigations the pension manager is taking on behalf of the Fund to improve these.

### Recommendations

The Pension Fund Committee is asked to consider and note the contents of this report.

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**Wards Affected:** None

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### H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none"><li>Being ruthlessly financially efficient</li></ul>	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and the council taxpayer.

### Financial Impact

- None

### Legal Implications

- None
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**Background Papers Used in Preparing This Report**

None

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## **1.0 Data Quality**

- 1.1 The Pension Regulator has placed an increased focus in recent years on the importance of pension schemes to ensure that they hold and maintain good quality data in line with Code of Practice 14 for public service pension schemes. This 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.
- 1.2 The Pension Regulator expects pension schemes to look at their data quality at least annually and actively put in place measures to improve their data quality.
- 1.3 The Fund has had to engage separately with the pension administration software to produce this year's results, which will be detailed in the next meetings report.
- 1.4 The forthcoming move from Surrey County Council (SCC) to the Local Pensions Partnership Administration (LPPA) in January 2022, and the migration of the Fund's membership data to their systems, also adds further weight for the need to prioritise cleansing the Fund's data as much as possible for an efficient migration.
- 1.5 The current pensions administrators, SCC, informed the Fund of a backlog in February 2020 of just under 1,600 cases that by the very nature have an impact on the data quality of the Fund. Namely; undecided leavers, refunds, frozen refunds and aggregations. All of which if not processed mean that the Fund's liabilities are based on incorrect membership data meaning incorrect funding levels for the scheme. The consequences of this for a member may mean inaccurate or late payment of pension benefits.
- 1.6 After approval from the Fund Committee and recommendation from SCC, (who were unable to commit to carry out the work themselves). The pensions manager engaged directly in working with a third party data Management company, ITM, to complete this work on behalf of the Fund.
- 1.7 Since the last update, ITM have completed 999 cases in total, which is an increase of 271 cases, so 65% of the 1530 cases have now been processed. Of the total 1530 cases, with 999 now processed, 272 cases have been passed back to SCC as they are out of scope leaving a remainder 259 cases where no response was received from the employer. These cases will be picked by LPPA, who have a dedicated employer engagement team to support with this work. A further 92 cases were received after the project deadline from fund employers and we are working with SCC to process these ahead of the move to LPPA.
- 1.8 The quality of the project was maintained by ITM throughout the project with positive feedback from SCC.

## **2. Backlog**

- 2.1 Due to the exiting of the Fund from SCC pension administration services it has come to light that there are further data issues. Namely under and over payments of retirements and overpayment on child pensions.
- 2.2 SCC are carrying out an exercise where they are reconciling data held on the pension administration system with that held on the pension payment system. This involves verifying which is the correct data (i.e. identifying if this is an under or overpayment), updating the records and following process to address the discrepancy which may involve requesting overpaid monies back from the recipient. SCC plan to complete this exercise ahead of the transfer to the new provider.
- 2.3 SCC have identified the overpayment of 18 child pensions, with a total overpayment value of just over £56,000, this has occurred due to SCC maladministration. As they have not had in place an effective system to ensure payments are stopped if the beneficiary ceases education post 18 or when they reached age 23. SCC are chasing beneficiaries to recoup the overpayment.
- 2.4 In addition SCC have recently confirmed that there is a backlog of 2015 business as usual legacy cases that cover case types such as retirements, leaver and death cases. These are cases that have been started by SCC but not completed and date back to 2017. Fortnightly discussions are held with SCC to discuss progress of these cases as well as to agree on priority cases.
- 2.5 LPPA are aware there is will be a backlog of outstanding cases that will be transferred across however SCC are committed to processing as many cases as possible ahead of the transfer date in January 2022.

## **3.0 Data Cleansing**

- 3.1 The gone away addresses were completed by ITM in June 2021 with a 91% success rate and new address updated to the member records.

## **4.0 Summary**

The project carried out by ITM has now ceased, with more than two thirds of records being updated. Helping the Funds data to be migrated across to LPPA in a much healthier state and standing in good stead for the forthcoming valuation in 2022.

The remainder of cases not completed as part of the project carried out by ITM will be forwarded for completion by LPPA.

The importance for clean accurate data for a pension Fund should not be underestimated as the impacts are far reaching and ultimately could lead to incurring a Regulator fine, compensation to members for incorrect benefits and reputational damage, so it should remain a priority.

Despite the disappointing discovery of further data issues such as the backlog and overpayments, both SCC and the LBHF pensions manager continue to work collaboratively to with us in the best interests of the Pension Fund, it's members and beneficiaries.