

Report to: Pension Board

Date of meeting: 8 June 2020

By: Chief Finance Officer

Title: Data Improvement Project Update including Annual Benefit Statements

Purpose: To provide a progress report on the Data Improvement Project

RECOMMENDATIONS: The Pension Committee is recommended to:

- 1) Note the project update, current status and revised timelines
 - 2) Note the Pension Increase report and conclusion
-

1. Background

1.1 The Data Improvement Project was approved in November 2019 by the Pension Committee. The project kick-off meeting was held in January 2020 with the first project report submitted to Committee in March 2020. The ABS Working Group was created as the delegated decision-making group, initially meeting monthly, however since the COVID-19 restrictions have been in place, the group meet twice monthly to monitor the impact remote working is having on the project.

1.2 Furthermore, following data issues uncovered as part of the 2020 pension increase exercise, there was consideration given to expanding the scope of the project to include pensioner records.

2. Project Status and Risks as at 15th May 2020

2.1 In late March the project was impacted by the lockdown restrictions introduced by COVID 19. As a result, the planned face to face employer visits cannot be carried out, leading to reliance on phone contact and a less impactful interaction with employers. Hymans Robertson issued detailed instructions to employers and worked examples to assist with completion of the data returns, along with the offer of support by phone.

2.2 During April as the impact of remote working became more evident, an interim ABS Working Group meeting was held, which acknowledged the impact the COVID 19 situation would have on the project. The ABS Working Group approved the move of project target dates, with Annual Benefit Statements now targeting 31 July 2020 and data correction cut-off date now targeting 19th June 2020. These moved from 30 June and 30 April respectively.

2.3 The overall project status is currently reporting as Amber and at risk. This is due to the severity of risks that are outside of the project's control. These risks relate to the ability of project key stakeholders and contributors to respond to requests and queries from the project team, during the current lockdown and are detailed in the table below.

2.4 Risk

Risk	Description	Mitigation	Impact/ Probability
1	There is a risk that the required Employer action around data fixes will not be gained as a result of poor engagement or limited resource at the Employers leading to limited success of the Data Improvement Project	MITIGATE: Various chaser strategies have been carried out via phone and email contact. Remaining non-responding employers have been escalated to the Fund. The Fund issued comms on 28th April to 33 employers who have: a) not responded to any Hymans contact (13) or b) where employers have indicated a willingness to respond, or have responded in part, but have not yet completed all of their returns (20)	High/ Medium
2	There is a risk that adequate administration resource will not be available to support the DIP as a result of other competing priorities, leading to limited traction on DIP deliverables	MITIGATE: Planned external recruitment was impacted by lockdown and is now on hold. Automated upload functionality is being utilised to minimise resource required to carry out common data corrections. Point to Note: Corrections requiring manual intervention will be validated against current agreed admin priorities	High/ Medium
3	There is a risk that the targeted ABS run of 31/07 cannot be carried out remotely as a result of IT requirements, leading to a member of staff travelling into the admin offices to run the statements.	MITIGATE: - Trialling of an alternate ABS run method planed for w/c 25/05 and results to be reported to ABS Working Group Point to Note: Regulatory date for ABS Statements is 31/08/2020	Medium/ Medium

2.5 15 employers have been prioritised with the ABS Working group. These employers equate to 80% of the membership. It has been agreed to focus attention on these employers where the biggest impact could be made in resolving data anomalies and the project's success. It should be noted that the benefits of the work being undertaken by the project will only be realised when the administration records are updated to reflect data being sourced by the project.

3. Project Activity since March Committee report

3.1 Data Requests issued to Employers - 123 data requests were issued to employers in March 2020. These were categorised into 2 annexes;

- Annex A are large employers with over 200 members across 11 employers and
- Annex B are smaller employers with less than 200 members across 112 employers

3.2 Annexes differed only by the way requests were made to employers and the method of return, acknowledging the limitation of smaller employers' ability to provide payroll extracts.

3.3 As previously noted, 15 employers have been prioritised with the ABS Working group. These employers are across both Annex A and Annex B and consist of 80% of the membership of the Fund. It has been agreed to focus attention on these employers where the biggest impact could be made in resolving data anomalies, specifically relating to unresolved leavers. Further details are provided under a later item in the agenda.

3.4 Data Returns from Employers – Employers' response to requests for DIP data has been mixed and inevitably impacted by remote working and the wider implications that the lockdown restrictions might have on their individual circumstances. The project team have been in close contact with employers, checking that the requests have been received and are being actioned. Any alternate contact points have been fed back to Orbis.

3.5 As at 15th May 2020, of the 15 prioritised employers: 7 full returns have been received; 4 partial returns received; and 4 are in contact with Hymans to progress their submission. Of the remaining employers a small number remain outstanding.

3.6 Employers are required to submit their Year End returns as at end March 2020 and this has also been impacted by the current COVID situation. As at 11 May 2020, 96 Year End returns were submitted, around 75% of expected returns, with 41 of those arriving after the deadline of 30th April 2020.

3.7 The Fund and Hymans continue to chase employers for DIP responses. The Fund issued a chaser email to non-responding employers on 28th April 2020 (**appendix 1**). Orbis continue to chase employers for Year End responses. It should be noted that the status of responses changes regularly and is correct at the time of writing (mid-May 2020).

4. Data Cleanse Scope

4.1 Checks are being carried out by Hymans on the data received from Altair and compared against the data returned by employers. This work is ongoing and data corrections are being forwarded to Orbis as they become available across the following areas:

- i. Common Data – high level consistency check of agreed scheme specific data items, to ensure accuracy of active member data sets.
- ii. CARE pay - sense check of CARE pay and remuneration in respect of active members, with corrections where required, from 1 April 2014 to 31 March 2019;
 - a) 19/20 – review of employer CARE pay returns and advance warning notices issued to employers to inform their Year End returns

- b) 14/19 - work currently ongoing to identify historic CARE pay gaps and liaise with scheme employers
- iii. Status 9 - these are members with frozen refunds i.e. less than 2 years in the pension scheme and are not entitled to the benefit but are entitled to a refund or may transfer funds out. These do not impact on the ABS run.
- iv. Status 2 – these are unreported leavers where a member is entitled to a deferred benefit within the fund
- v. Status 8 - this is when a member has joined the Scheme however the Employer does not have all the joiner information. The focus will be to ensure all members are moved out of this status as this will have an impact on the ABS run, where they should be active members

5. Focus to the end of the project

5.1 Significant effort is required across the project team to complete the cleanse work before the cut-off at 19th June in readiness for the ABS run. Hymans continue to work with Orbis to coordinate the data improvement project updates and the year end returns from employers to maximise the opportunities to correct membership data. Close and ongoing monitoring by the ABS Working Group will continue to the end of the project.

6. Pension Increase Report Findings (currently outside scope of DIP)

6.1 Following concern raised by Fund Officers about data issues uncovered within the annual pension increase exercise, Hymans were commissioned to conduct an initial high-level review of the errors and warnings. The purpose was to report the materiality of the warnings and errors within the Fund's April 2020 pensions increase exercise and any potential impacts these may have had if not addressed in the past. The report in Appendix 2, sets out the findings of Hymans investigations, together with possible further actions for the Fund to consider.

6.2 In summary, based on a high-level review of the warning and error messages, Hymans believe the numbers and type involved are considered to be overall of an acceptable level for a fund of the size of East Sussex.

6.3 However, it is recommended that the Fund requests a quarterly update to the Pension Committee and Pension Board, from the administrator on the progress made to resolve the errors. It is further recommended that assurance is given to the Fund over the actions taken to consider warning messages and, where appropriate, to amend member records ahead of running the 'actual' pensions increase updates.

7. Conclusions and Recommendations

7.1 The Board is requested to note the Data Improvement Project update and to further note the key risks to the project. These risks will continue to be monitored by the ABS Working Group.

7.2 The Board is requested to note the update on the pension increase report and the assurance sought from the administrator that the agreed corrective action has been taken.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Michelle King, Interim Head of Pensions
Tel. No. 01273 482017
Email: Michelle.King@eastsussex.gov.uk