

Pension Fund Committee

4 December 2012

Record-keeping – Pensions Regulator best practice guidelines



Report of Don McLure, Corporate Director, Resources

Purpose of the Report

- 1 The purpose of the report is
 - To advise Members of best practice guidelines issued by the Pensions Regulator on record-keeping and the extent to which the Council currently complies with those guidelines, and;
 - To ask Members to agree to the Pension Fund commissioning a tracing agency to trace deferred members who have changed address without informing the pension scheme, and to compare the pensions database against the national register of deaths.

Background

- 2 The Pensions Regulator is the UK regulator of work-based pension schemes and is empowered by the government to regulate work-based pensions.
- 3 One of the Pensions Regulator's objectives is to promote the good administration of work-based pension schemes, and as part of this it has set targets for pension schemes to improve their 'common' data records this includes data such as name, address, date of birth and National Insurance number. For new data created or amended after June 2010, the target to be met is 100% of common data to be in place; and for data created before June 2010, the target is 95%
- 4 The Pensions Regulator expects schemes to have assessed their data quality by 2012 and to put in place measures necessary to ensure the quality targets on common data are met.

Analysis of Common Data

- 5 Appendix A shows a summary of the results of an analysis of the current data quality of the Durham County Council Pension Fund. This shows that 8 out of the 11 data quality items are 100%

complete for data created both before and after June 2010. The three areas with less than 100% are as follows:

National Insurance Number

57 out of 45,662 records do not have a valid National Insurance Number. These are all dependants and are either widows or widowers who have not provided a valid National Insurance number, or individuals in receipt of a children's pension who have recently reached age 16 and not informed us of their National Insurance Number. We have recently contacted HM Revenue & Customs to ask for the correct National Insurance Numbers for all these individuals and expect to receive this information within the next month or so.

Post Code

Only 93.09% of pre-June 2010 records and 99.39% of post-June 2010 records have a post code. Where we have a valid address this issue can be resolved through using the Royal Mail's postcode finder function on its website. This approach is underway now and over the coming weeks we expect to have complete postcode information for all records with UK addresses.

Address

Only 96.64% of pre-June 2010 records and 99.39% of post-June 2010 records have address information. There are a total of 1,319 individuals who have left employment and the pension scheme and have subsequently changed address without informing the pension scheme of their new address.

Tracing Addresses

- 6 Our current approach in cases where a scheme member has moved and not advised the pension scheme is to trace the member's address using a tracing agency shortly before they reach age 60. This allows us to write to them with details of the benefits payable to them at 60. An alternative approach would be to undertake an exercise to trace all the addresses now and write to the individuals to advise them to inform us if they move again in future.
- 7 An advantage of this approach is that it would improve the quality of data held by the scheme. Depending on the exact type of analysis carried out it would also be possible to combine this with a comparison of our entire database with the national register of deaths, so potentially identifying cases of overpayment which may not have been picked up by the National Fraud Initiative.

- 8 Possible disadvantages include the cost of such an exercise (which is estimated to be in the low thousands) and the fact that there would be nothing to stop these individuals losing touch with the pension scheme again should they move again before retirement. However, on balance it is felt worthwhile to undertake a combined exercise to trace missing addresses for deferred members and to also compare the whole database against the national register of deaths.

Recommendation

Members are asked to note this report and to agree to the Pension Fund commissioning a tracing agency to trace deferred members who have changed address without informing the pension scheme, and to compare the pensions database against the national register of deaths.

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Appendix A – Common Data Report

Numerical information:

Membership statistics (November 2012)	
Total active members	16,838
Total deferred members	12,429
Total pension in payment members	16,395 of which:
Member pensioners	13,716
Spouse/dependant/civil partner/ child pensioners	2,679
Total Membership	45,662 of which:
Pre-June 2010 data	37,897
Post-June 2010 data	7,765

Common data checking:

Data item	Pre-June 2010 data	Fails	% Complete	Post-June 2010 data	Fails	% Complete
NI Number	37,897	51	99.87%	7,765	6	99.92%
Surname	37,897	0	100%	7,765	0	100%
Forename/initials	37,897	0	100%	7,765	0	100%
Sex	37,897	0	100%	7,765	0	100%
Date of birth	37,897	0	100%	7,765	0	100%
Date started pensionable service/policy/contributions	37,897	0	100%	7,765	0	100%
Expected retirement / maturity/target retirement date	37,897	0	100%	7,765	0	100%
Membership status	37,897	0	100%	7,765	0	100%
Last status event	37,897	0	100%	7,765	0	100%
Address	37,897	1,272	96.64%	7,765	47	99.39%
Postcode	37,897	2,620	93.09%	7,765	47	99.39%
Total		3,943			100	

Total number of records failing one or more tests: 2,724 = 5.97% failed