TPR's drive on data

▾ Nathan Jones discusses the significance of The Pensions Regulator's drive on data

What is this new push on data from The Pensions Regulator? The Pensions Regulator (TPR) has announced a major new drive on raising the quality of pension scheme data. This follows the results of TPR's *2016 Record Keeping and Administration Survey,* which showed that industry progress towards improving record keeping had been much slower than had been hoped. As a result, TPR has mandated that all pension schemes will, for the first time, have to report their current data accuracy scores in the 2018 scheme return.

Many administrators have already provided common and conditional data scores. Do they need to do anything further?
Most schemes do already provide common and conditional data scores. However, under the new drive, TPR is re-stating what these tests are all about:
• The conditional tests have been renamed 'scheme-specific' to remove the misconception that they are optional.
• TPR have re-confirmed that scheme-specific data checks need to be a fundamental test of whether the data held is fit for the purpose of pensions administration.
• Scoring of scheme-specific data needs to be aligned with the pension scheme's benefits and processes. This means that generic conditional data tests may no longer be appropriate and that schemes may need to use bespoke data tests in order to meet TPR's requirements.
• Tests need to measure the accuracy of the data. It is no longer sufficient to just measure the presence of data (for example an address is present) and the consistency of data (for example the NI number is in the correct format).
• Furthermore, these requirements relate to all pension scheme data and not just to the main administration system. Thus separate records, such as a payroll database or standalone spreadsheets, would need to be included in the data scoring.

Do schemes need to do more than just report data scores?
Yes. Trustees and pension scheme managers are ultimately accountable for their scheme's administration even where this administration is outsourced to a third party. Pension schemes can no longer wash their hands of responsibility for administration procedures. Instead pension schemes need to understand the data controls and data quality checks that their administrator has in place. It follows that any data audit should include a review of administration procedures, which may result in changes being made to improve the management of data and ultimately the scheme's data quality.

What can schemes do to assess the accuracy of their data?
Taking the example of address data, schemes should not be unduly troubled by the possibility that a member might have moved in the past year, month or even week. Instead the key is to conceive what can be done to check whether the data is accurate. For instance, by recording when an address was last verified through address tracing and when communications were last sent to this address, it is possible to quantify the likelihood of the address being correct.

It is also possible to measure accuracy by reconciling administration data with data held on an external data source. For active members this might be the employee's HR or payroll records. For pensioners, checks can be done to ensure that pensioner payroll and administration records are aligned. Data can also be verified by checking the administration record against information in the member's back-file.

More fundamental testing of accuracy can be achieved through undertaking a benefit audit. This would confirm whether the pension benefits, or money purchase units, were correct for a sample of members. The results of data verification and a benefit audit might provide reassurance that member records are correct, or it may highlight groups of members where data cleansing is required.

How often should these scores be updated?
TPR advises that pension scheme data should be reviewed at least once a year and improvement plans should be put in place to address any issues identified. They also mandate that the data quality scores on annual scheme returns can be no more than three years old.

More fundamentally, TPR notes that good record keeping is not a one-off exercise but an ongoing challenge, and of course keeping data accurate and up to date is also a requirement under the General Data Protection Regulations (GDPR). For these and other reasons, pension schemes will need to engage with their data consultants to ensure that pension scheme data is not only present, consistent and accurate, but also that their administration procedures have the necessary controls to ensure ongoing good data quality with the checks and balances required. Then the numerous benefits that accompany accurate and up to date data will become apparent.

> **▾ Written by Nathan Jones, lead technical consultant, ITM**

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