Report of the Managing Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 13 December 2022.

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Subject:

Monthly Data Posting - Phase 3 (MP Phase3)

Summary statement:

This report presents an overview of WYPF Monthly Data Posting System and update on the latest version of the system "MP Phase3". WYPF introduced monthly data posting in April 2014, using a simple, yet comprehensive Microsoft Excel spreadsheet template. The WYPF template allows employers to submit financial data for contribution and pension data together, this is rare in the sector as most pension funds collect admin data separate from financial data. WYPF offers a one-stop data collection each month. This was unique at the time and the strategy was built around data needs of the career average scheme and has evolved since 2014. Two of the efficiency and effectiveness driving factors were to move data posting to pension member records and cash reconciliation from an annual, problematic, project based event to efficient, routine, business as usual monthly activities. We have delivered these two points.

The system developed internally by WYPF, built on basic Civica systems, has proven to be industry leading. WYPF has supported both Civica and the wider LG and Fire public pension sector to develop Monthly Data Posting.

We have tweaked the system over the years and kept it updated regularly. The latest version will bring in a number of change processes that will ensure the Monthly Data Posting system will be fit for purpose going forward and support data needed for pensions dashboard. We are also looking to review our data posting deadline of 10 days, downward to 8 days, depending on the efficiency of the new system.

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Portfolio: Leader of Council and Corporate

Overview & Scrutiny Area: Corporate

1   Background

1.1   The current MP system was introduced in 2014, based on a forward looking strategy of how best to deliver pension data needed for the 2014 career average scheme and regulatory changes to improve pension account management, moving more toward savings and bank account management. The volume of transaction processed has increased since 2014, in 2014 we processed 5,044 files for 420 employers – 1.2 million member records. In 2021 we processed 10,498 for over 900 – 1.7 million records for LG and Fire shared service partners' files. The service provided has doubled positively and we expect further increase. This system underpins key pension regulatory controls around – contributions, pension data, providing compliance information and risk management data. In order to maintain performance, we need to improve the current system.

1.2   The current system has delivered and has allowed WYPF to outperform in a number of regulated activities such as cash management and reconciliation, record maintenance and ABS. The latest "MP Phase3" version will allow WYPF to further improve performance and compliance management for WYPF and employers. Our main focus in this version are:

   a) Efficiency and VFM - removing duplicated processes for employers and increased automation
   b) Data accuracy - Allowing employers to manage members' core data and supply accurate data
   c) WYPF performance – 10 days deadline for posting records, explore reducing this to 8 days
   d) Further improved performance for regulated communications - compliance letters, improved data for managing compliance letters
   e) Improve data integrity – submissions made by employers will be easier to access by managers and auditors

2   MP Phase3 Progress

2.1   MP Phase3 was launched in January 2020, the project was suspended in May 2020, due to the challenges of Covid-19 pandemic. Whilst the project was suspended we introduced a number of reports and additional processes that improved key controls:

   a) Weekly reconciliation of cash received, bank, SAP and UPM
   b) Daily reports on outstanding contribution payments
   c) Missing monthly data monitoring
   d) Increased controls and review processes for posting data to deferred and pensioner records
   e) Improved unitisation data processes and submission to Aon

2.2   In July 2021 the current MP Phase3 project was relaunched, with the aim of going live in April / May 2022. The project is being developed using internal IT resources, the same strategy was used in the past and has consistently delivered best in class.

2.3   In the past six months significant amount of work has been delivered by WYPF internal teams:

      a) Employer secure web portal
      A brand new secure web portal has been developed, this portal will allow employers to manage data and make corrections to data submitted. This facility will improve data accuracy, reduce processing time and also allow WYPF to further automate processes.

      b) Automatic load to UPM
      Currently data submitted via the secure portal is manually loaded to UPM by finance officers, this auto load will save between 1 to 2 days in processing time. The time saved will be used to improve performance.

      c) Improved data / record matching rules
      100s of data matching rules and sub routines have been recoded and improved. This improved data management, accuracy and efficiency allowing WYPF and employers' staff to focus on exceptions. Basic AI rules to drive data matching. This is speeding up time taken to process data files submitted by employers.

      d) Improved file and data tracking
      We are seeing improved service performance information, end to end tracking of data from employer submission to WYPF final data posting completion and improved audit trail.

      e) New training manuals and workshops
      A new training manual is being developed and series of workshop are being setup using MS Teams to support transition to the new system.

3   MP Phase3 – pilot / workshop / demonstrations

3.1   Since October we have been demonstrating the new system to key services within WYPF and employers working with us as pilots. The system has been well received by employers and staff across WYPF. A number of suggestions were made by employers and staff on how the new system could be used to further remove process duplications across WYPF, hence increasing efficiency and reducing current work backlog within WYPF.

4   MP Phase3 cyber testing

4.1   The new system has been fully tested internally and has passed, however before we can go live the system has to be tested by experts for cyber security and system

vulnerabilities. The first test was conducted at the beginning of November 2022, issues identified are now being fixed and follow up tests will be carried out to ensure fixes do not introduce new cyber security vulnerabilities.

4.2 99% of the internal testing has been completed and once cyber testing is completed we will be ready to go live.

5 New live date for MP Phase3 – 19 January 2023.

5.1 As a result of the extensive cyber testing we are working to a revised live date of 19 January 2023.

5.2 As we go live the current MP Phase2 will be running parallel with the new MP Phase3. In order to manage employers experience, employers will be transferred to the new platform in waves and by invitation. This will allow us to check member data recorded against each employer, and bring employers data change requests up to date to ensure the new system delivers improved data accuracy and experience for employers and WYPF.

5.3 Between October and November WYPF Finance and Contact Centre have worked together to reduce backlog of member data change request from 5,600 to 2,400. Staff are now focusing processing all data change requests for employers in the pilot scheme. We are also investigating popular requests from employers and staff to use MP Phase3 to manage out this activity.

6 MP Phase3 continuous improvement.

The Monthly Data Posting system has always operated on a continuous improvement strategy, by constant tweaking of processes and procedures. With the support of the WYPF IT Team, the whole system is now being supported with IT agile strategies and a test system is now available that will allow whole system continuous improvements to be delivered without new stop-start developments.

7 OTHER CONSIDERATIONS
None. The new system is being developed using internal resources.

8 FINANCIAL & RESOURCE APPRAISAL
It is estimated that this system has delivered about £3m efficiencies and savings over the 7 to 8 years of operation and if we were to buy-in an equivalent, which may not be as robust, it could have cost an extra £50k per year.

9 RISK MANAGEMENT AND GOVERNANCE ISSUES
The monthly data posting system is a major risk and operational management tool, needed for cash management, data accuracy and employers' governance. The system assures our strong performance on a number of regulatory performance requirements.

10   LEGAL APPRAISAL
None.

10.1   SUSTAINABILITY IMPLICATIONS
The services covered in this report are committed to mitigating climate change by using energy efficient supplies and services, avoiding waste and where not possible, minimise waste. Reuse materials and where facilities are available, recycle office waste.

10.2   GREENHOUSE GAS EMISSIONS IMPACTS
WYPF operates from a modern "Aldermanbury House", the building was bought in 2014 and we have invested significant sums to improve the energy efficiency of the building, however there is still more to do. We are working with our property managers to further improve the energy efficiency of the building for staff, visitors and our commercial tenants. Electricity supplied to the building is sourced from renewable suppliers and there is a programme to review water boilers and other equipment in the building.

In terms of our operations a significant number of our staff have always been able to work from home before the Covid-19 pandemic. At the start of the pandemic all staff that want to work from home were able to work from home and we are now operating a hybrid model of 2 days office and 3 days home working. This has reduced our staff daily journeys into work and also reduced our operational greenhouse gas emissions significantly. When on business travel our staff are encouraged to use public transport, unless lower greenhouse gas emission alternatives are available.

10.3   COMMUNITY SAFETY IMPLICATIONS
None.

10.4   HUMAN RIGHTS ACT
None.

10.5   TRADE UNION
The services covered by this report will provide additional employment and apprenticeship opportunities within the local area.

10.6   WARD IMPLICATIONS
None.

10.7   IMPLICATIONS FOR CORPORATE PARENTING
None.

10.8   ISSUES ARISING FROM PRIVACY IMPACT ASSESSMENT
None.

11   NOT FOR PUBLICATION DOCUMENTS
None

12   OPTIONS

The Local Pension Board should note the report or may make recommendations to management on any part of the report.

13   RECOMMENDATION

That this report be noted and suggestions made for any improvements to the Monthly Data Posting System.

14   APPENDICES

None

15   BACKGROUND DOCUMENTS
None