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# PASA GUIDANCE

Data Management Plans

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# Data Management Plans Guidance

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## 1. Introduction

The focus across the pensions industry on the importance of managing the quality of pension scheme data is greater than ever, and rightly so. Developments in legislation and regulation - such as GDPR, GMP equalisation, buy-in/ buy-out and pensions dashboard - have pushed data quality and management to the top of the agenda for both the trustees of pension schemes and their employers. It's becoming critical for data to be complete and accurate for a scheme to meet its duty to members, as well as legislative requirements.

PASA established the Data Working Group to bring together knowledge and experience across the pensions industry to support trustees, administrators, employers and providers in this area and provide practical guidance in the management of pension scheme data.

Holding complete and accurate data goes hand-in-hand with meeting the primary objective of any pension scheme – to pay the right benefits, to the right person, at the right time. Reviewing the completeness, accuracy and appropriateness of data should form a key part of the governance and risk management frameworks for all pension schemes. PASA released Guidance in [February 2019](#) which set out information on key data considerations for pension schemes. This Guidance is being refreshed, with further short guides being produced over the coming months.

The implementation of a Data Management Plan (DMP) offers a means of documenting the data held by a pension scheme and a policy for managing it effectively. A DMP could be supplemented by, or in some cases contain, a data improvement plan.

This Guidance sets out, at a high level, the purpose of a DMP and the information which it may be expected to include. A DMP formalises the key data considerations for a pension scheme and the responsibilities of the key stakeholders, as well as documenting the policies and controls in place for managing data effectively, including data improvement plans where necessary. Some of the information contained in a DMP is likely to be held by Trustees already and implementing a DMP will bring this together and enhance how data processes are recorded and managed. A DMP is a critical scheme document and forms part of good scheme governance. All pension schemes should consider developing and implementing a DMP, with review of the DMP forming an ongoing aspect of scheme governance processes.

## 2. What is a Data Management Plan?

The purpose of a DMP is for trustees to formalise their approach to managing and improving their pension scheme data. A DMP may contain the following:

- a list of the key data held by the trustees of the pension scheme. Trustees need to have a clear understanding of the data required for the pension scheme to function correctly
- the processes for receiving, sharing and managing data by the pension scheme
- the approach to regularly measuring data quality and steps being taken to improve data (i.e. a data improvement plan)
- a record of decisions in relation to data management and rectification

Implementing a DMP shouldn't be approached as a one-off exercise but should form part of ongoing governance processes, with regular reviews by trustees with support from their advisors, and actions progressed and tracked. Reviewing the DMP and identifying and progressing actions should support the early detection of areas for improvement, and reduces the risk of incorrect data being used which can result in poor member outcomes.

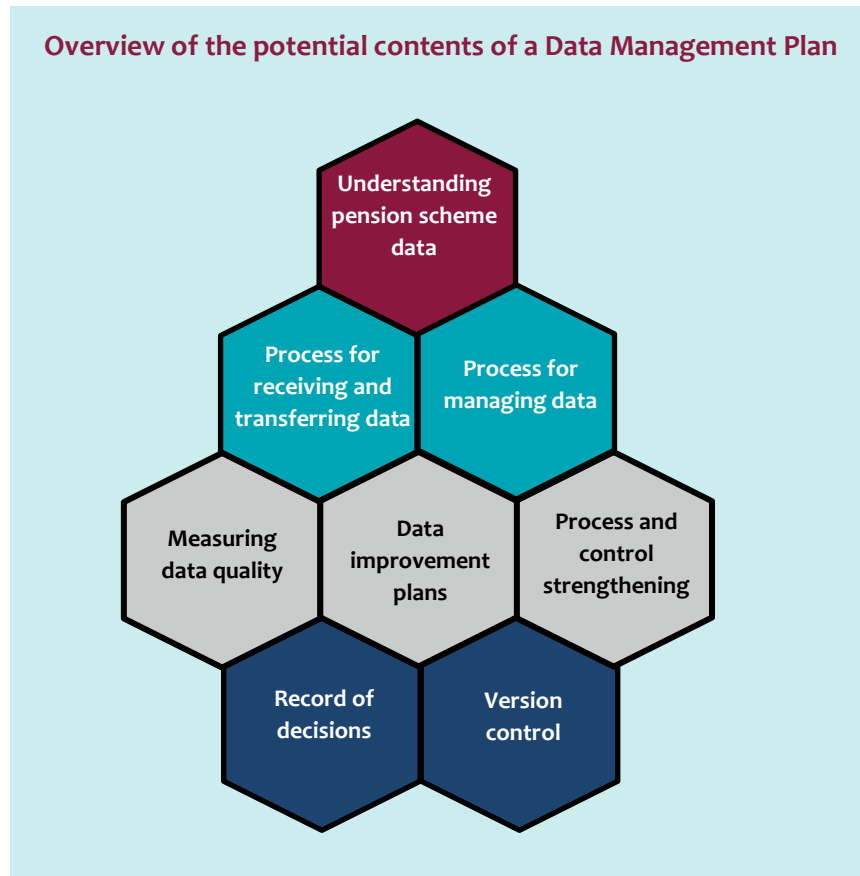
The Pensions Regulator (TPR) expects trustees take a proactive role in understanding the data they hold and to undertake a review of the completeness and accuracy at least once a year, with the requirement to report data scores. There's been a clear increased focus from TPR on trustees regularly reviewing their pension scheme data, with the expectation data should sit high on trustees' agendas. TPR has demonstrated its focus on data and it will act where data management isn't satisfactory, in demanding trustee boards of over 400 schemes undertake a data review where they had failed to review their data over a three year period.

Without accurate records, schemes cannot process financial transactions promptly and accurately, communicate with their members, check employers are correctly paying contributions, have confidence in the accuracy of scheme valuations or assess whether savers are getting value for money.

**The Pensions Regulator, 2019**

### 3. Example contents of a Data Management Plan

A description of the information which may be included in a DMP is described in high level below. The information we've suggested should be included isn't exhaustive, and should be tailored for each pension scheme to be appropriate and proportionate relative to the scheme's needs, objectives and ongoing activities.



#### Section 1 - Understanding pension scheme data

For many pension schemes there are a significant number of data items which are required to facilitate good administration practice. Trustees should have an understanding of what these data items are and their purpose.

TPR requires trustees to report the proportion of members they hold 'complete' data for as part of the annual Scheme Return process, broken down into two broad categories:

- **Common data** – this is information which can be used to identify a member in the pension scheme. For example, this could include member names, National Insurance number, sex and addresses
- **Scheme-specific data** – this is information which is needed for a pension scheme to meet its obligations and conduct its regular functions. This can vary between pensions schemes depending on (for example):
  - The nature of the benefits provided
  - Benefit structure(s) in the pension scheme including member options

- Event history in the pension scheme
- The membership profile

Examples of scheme-specific data include date of joining the pension scheme, date of leaving pensionable service, date of retirement, earnings history, contribution history, pension splits by period of benefit accrual (DB only) and details of AVC benefits.

The submission of information on the accuracy of these two data categories allows TPR to identify pension schemes where data improvements are needed and to have sight of the frequency data accuracy reviews are undertaken. However, these should be seen as minimum requirements and it's recommended trustees look at their data in more detail to identify specific aspects of their data needs and areas for improvement.

TPR expects trustees to work with their administration function to identify which scheme-specific data is required for the scheme to operate. Trustees should regularly review whether there have been any developments which mean the scheme-specific data requirements of the pension scheme have changed. For example, a DB pension scheme which has introduced a pension increase exchange as a standard option for members at retirement may require the member benefits to be re-tranched to allow option terms to be calculated more easily.

A list of all common data and scheme specific data items should be included in a DMP with details of the key purpose of holding each data item, and the key dependencies on the accuracy of the data item. For example, a DC pension scheme may hold a 'target' retirement age the member has nominated as the date they intend to retire. The key dependencies on this item may include the preparation of annual retirement projections, implementation of a lifestyling investment strategy and the distribution of a retirement pack.

## **Section 2 - Documenting processes for receiving, transferring and managing pension scheme data**

Trustees should have visibility of the processes for handling the data needed to meet the objectives of the pension scheme, and whether there are improvements which can be introduced to further promote accuracy, efficiency or security of the work performed by the administration function.

### **Transferring and receiving pension scheme data**

Some elements of pension scheme data are regularly sourced from and shared with third parties such as employers, members and other advisors. The interactions pension schemes have with third parties should be recorded, and regularly assessed to identify whether the processes in place are effective or can be improved. Trustees should document the following information to record the processes for sourcing and sharing data:

- All third parties where pension scheme data is received from or transferred to, including full descriptions of the data exchanged and the purpose of sharing the data
- A policy on how data should be transferred securely between parties. Trustees have a responsibility to make sure the processes in place for transferring data are secure, particularly when this relates to sensitive personal data

- A description of the checks which are undertaken on data when it's received from, or transferred to, a third party. Performing robust checks on data reduces the likelihood of data errors. This should include validations on any data which is self-maintained by members using online facilities
- Details of the format in which data is received or shared. As part of any updates to the DMP, Trustees should regularly review whether the format of the data received is the most appropriate. For example:
  - Data should ideally be in a format which can be prepared efficiently and used with minimal manipulation required by the end user; and
  - Data should be in a format which can be easily checked for inaccuracies by the trustees (or the administration function) on receipt or prior to issue.

### **Processing pension scheme data**

Trustees should have an awareness of how the data they hold is processed by the administration function. Trustees should consider documenting in the DMP the following information to record the processes for sourcing and sharing data:

- The controls which are in place to reduce the risk of inaccurate data being processed by the pension scheme, including the party who is responsible for maintaining the controls. For example, trustees may wish to delegate the validation and reconciliation of the employer and employee contributions which are received in an open pension scheme on a monthly basis to their administration function. However, the trustees should look to record the controls which are in place for the administration function to manage this data
- The involvement of third parties where reliance is placed on them to correctly process data
- The policy for storage of data, including which data is retained or disposed by the trustees. Trustees should consider their responsibilities under GDPR when preparing this policy, and limit the retention of data to the items required for the scheme to operate effectively

As part of the implementation and future reviews of the DMP, trustees should consider how they monitor and review the appropriateness of the way data is handled by the administration function, and whether there are any possible areas for improvement.

### **Data security**

The storage of personal data is widely considered to be a high risk area for trustees of pension schemes. A DMP should document the steps which trustees have taken to protect the data held for pension schemes, including but not limited to:

- Confirmation of the legislation and regulatory requirements which are being adhered to by the trustees
- A list of third parties who hold pension scheme data and confirmation the trustees are satisfied the security of the data stored is sufficient
- Details of the mitigations in place to protect the pension scheme from cyber-related risks
- The approach taken by the trustees and third party providers to back up pension scheme data to aid business continuity



### Section 3 - Measuring data quality, implementing a data improvement plan and documenting process and control strengthening measures

As mentioned in Section 1 above, common data and scheme-specific data scores submitted to TPR are two broad measures of the accuracy of pension scheme data. There will be some additional, more targeted measurements of data accuracy which should be introduced by trustees in addition to these measures to aid planning and decision making and assess more specifically where inaccuracies in their data exist.

For example, the accuracy of the data can be examined for each individual data item held by the pension scheme and/or in smaller groups. It may also be useful for inaccuracies for each item and/or group to be broken down into different categories. The information and details set out in this section of the DMP will be specific to the scheme, and should reflect the processes in place and the key data considerations faced by the trustees and other stakeholders. An example of how this could be set out is below:

| Data group                               | Scheme-specific data items                                 | Effective date of data review | Number of inaccuracies   | Cause of inaccuracy   |
|--|--|-------------------------------|--|---|
| Salary data (current and salary history) | - Basic salary<br>- Pensionable salary<br>- Salary history | 01/01/20[xx]                  | 500<br>(400, 450, 525 in previous reviews – most recent first) | Salary held on administration system is zero – 200 records<br>Salary on record is negative – 5 records<br>Salary is less than £[x] – 10 records<br>Contributions paid not proportional to salary history – 120 records<br>Pensionable salary is less than basic salary – 20 records<br>Salary is not consistent with most recent extract from employer – 5 records<br>Salary has increased by an unrealistic amount – 5 records |

The inclusion of additional, more granular measurements of data quality in the DMP can provide trustees with more specific information which can be used to drive improvements in data accuracy and can translate to improvements in the wider administration operation.

Trustees may wish to consider what actions are required to eradicate each of the inaccuracies identified, and should consider these against the objective(s) which aren't being met. These objectives could reflect the trustee board's legal duties or could be linked to one of the following 'data quality dimensions,' as set out in the PASA Guidance released in [February 2019](#):



If data issues are identified, the DMP will need to include a data improvement plan, which should set out the steps being taken to address material issues with the common and scheme-specific data items. Against each data item identified for corrective action, trustees should look to analyse and include the following:

- The number of inaccuracies present, which will allow the effectiveness of the improvements to be easily monitored
- Details of the corrective action being taken, and who is responsible for progressing this
- The objective of the corrective action, including a quantifiable target level of improvement in the measurement
- The approach to reviewing the effectiveness of the improvement measures, including the frequency of review (e.g. monthly or annually)

The data improvement plan should also include areas where the processes and controls for receiving, managing and transferring data can be strengthened.

This area is more subjective in nature, and should refer to areas where introducing improvements could either reduce the probability of data quality issues arising or improve the efficiency of the administration function.

Similar to the above, each improvement area should include:

- a description of the process or control to be improved
- the impact of not introducing an improvement measure
- the agreed improvement measure, and who's responsible for progressing this
- the approach to reviewing the effectiveness of the improvement measures, including the frequency of review (e.g. monthly or annually)

Following the successful implementation of a change to a control or process, this should then be recorded as part of the data processes as discussed in the previous section.

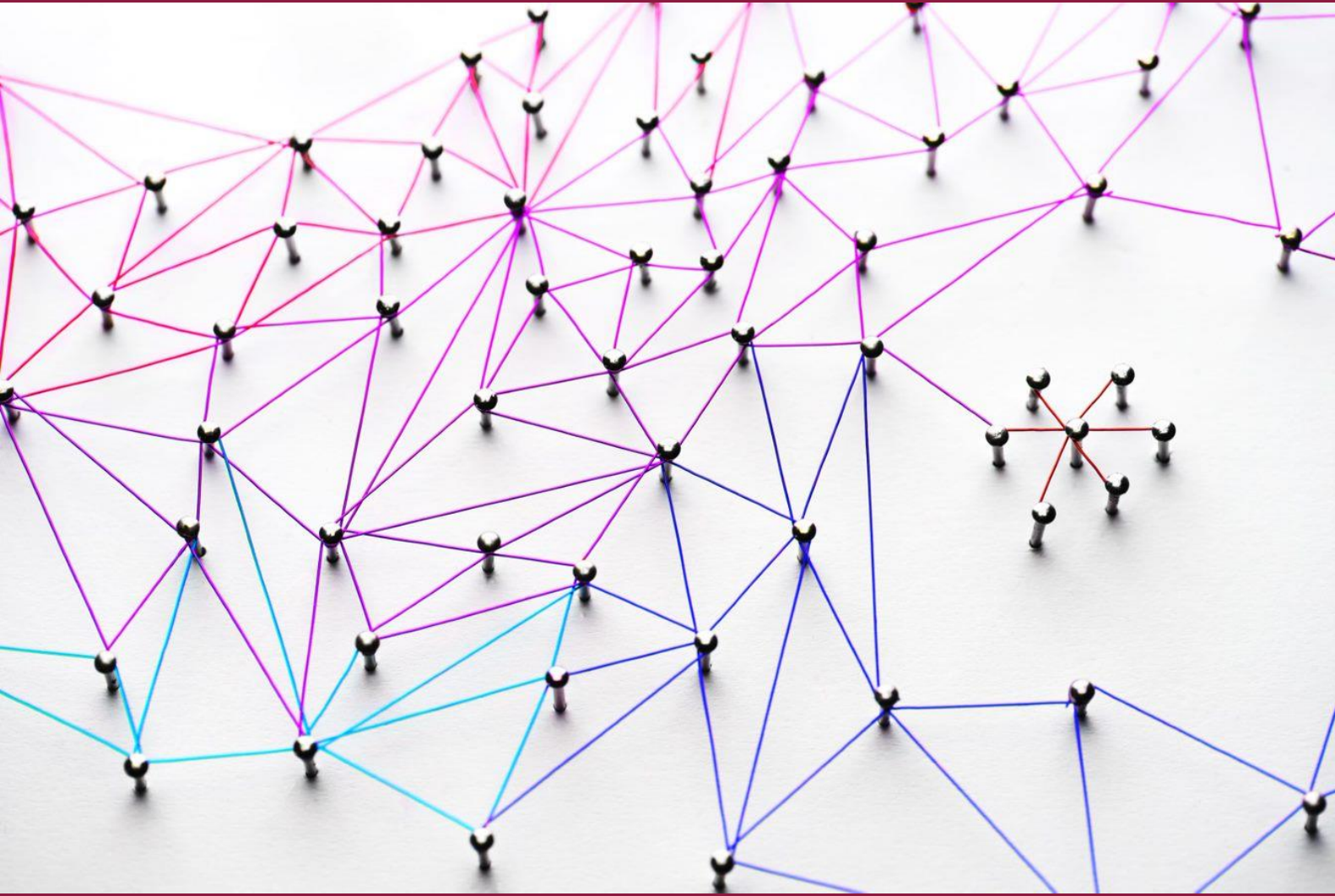
#### **Section 4 – Maintaining a record of decisions and version control**

As the approach to managing pension scheme data changes over time, trustees should maintain a record of when the DMP has been updated. This should include a summary of the key changes which have been made to each version of the document.

Further sections/information should be included as required to produce a complete Data Management Plan which meets the data considerations and needs for the pension scheme. We expect trustees will look to work with their providers and advisers in the production and maintenance of their DMP.

#### **4. Conclusion**

Managing the quality of pension scheme data is a key trustee responsibility and developing, implementing and maintaining a DMP which meets the need of the pension scheme should be an action for all trustee boards. Focus on data is greater than ever and the pensions industry must take steps to prioritise data. The information in the DMP should be integrated with the approach trustees are taking in respect of data as part of their wider risk management framework.



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