

**CAMBRIDGESHIRE  
PENSION FUND**



**Pension Fund Committee**

**Date:** 13<sup>th</sup> June 2019

**Report by:** Head of Pensions

<b>Subject:</b>	<b>Data Improvement Plan Progress Report</b>
<b>Purpose of the Report</b>	To present to the Pension Fund Committee a report that details progress made against the Pension Fund Data Improvement Plan.
<b>Recommendations</b>	The Committee is asked to note the contents of the report.
<b>Enquiries to:</b>	Joanne Walton, Governance and Regulations Manager <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a>

**1. Background**

- 1.1 The primary purpose of the Cambridgeshire Pension Fund is to pay the correct pension benefits to its members when they become due. It is therefore essential that the Fund achieves and maintains the highest possible data quality standards.
- 1.2 The Public Service Pensions Act 2013 (effective from 1 April 2014) increased the powers of the Pensions Regulator to ensure that public service pension schemes had appropriate measures in place to ensure high standards of governance and administration.
- 1.3 The Pensions Regulator articulated these standards through the code of practice 14 – governance and administration of public service pension schemes. The code addresses the need for high standards of accurate data and states that schemes must regularly review the data held and put in place a Data Improvement Plan to address any issues.
- 1.4 To demonstrate to the Pensions Regulator that the Fund has reviewed the quality of its data and has an ongoing approach to ensuring appropriate processes are in place to consistently hold accurate data, a Data Improvement Policy and a Data Improvement Plan has been established.
- 1.5 This report is to provide the Pension Fund Committee with details of the progress made against the Data Improvement Plan and will be presented at each meeting.
- 1.6 A summary of the items on the Data Improvement Plan can be found in appendix 1.

**2. Data Improvement Plan Activities**

- 2.1 The activities on the Data Improvement Plan that are currently in progress are as follows:

	<b>Data Improvement Activity</b>	<b>Purpose</b>	<b>Original timescale for action</b>	<b>Revised timescale</b>	<b>Comments</b>
1	Resolution of awaiting entry records to correct membership status	To ensure that all members showing as awaiting entry are genuine, and to convert to the appropriate membership status where this is not the case.	1/4/19 - 31/3/20	1/9/19 – 31/3/20	Action rescheduled but no impact on completion date.
2	Rectification of pensions increase errors	To resolve inaccurate pensions in payment on the pensioner payroll due to incorrect Pensions Increase being applied.	1/12/18 – 28/2/19	1/4/19 – 31/8/19	Timescale for completion has been extended to allow for the completion of the activity number 8 as the financial impact in that activity is greater on both the Fund and the scheme member.  Further detail provided in section 2.4.
3	Resolution of common data fails identified in the 2018 Data Audit	To resolve common data fails identified in the 2018 data audit.	1/1/19 – 31/3/19	1/1/19 – 31/7/19	Progress to date: 9.59% of common data errors resolved. This includes rectification of: Missing, temporary or invalid National Insurance Numbers. Missing or inconsistent forenames and initials. Missing or inconsistent gender. Duplicate National Insurance Numbers but different surname and/or date of birth. Progression of activities 1, 5 and 9 will further reduce the number of common data errors.
4	Resolution of scheme specific data fails identified in the 2018 Data Audit	To resolve scheme specific data fails identified in the 2018 data audit.	1/1/19 – 31/3/19	1/6/19 – 31/3/20	Timeline for completion of this activity has been delayed to allow for the completion of activity number 8 as the financial impact in that activity is greater on both the Fund and the scheme member.  There are 10,720 scheme specific data errors. Progression of activities 1, 2 5 and 7 will reduce the number of scheme specific errors.
5	Resolution of unprocessed leaver records	To process all the unprocessed leaver benefits	New baseline agreed 1/1/19 –	Unchanged From new baseline	Further detail provided in section 2.2.

		in accordance with the member's entitlement under the LGPS regulations.	31/12/20		
6	Contracted-out liabilities reconciliation	To compare contracted-out liabilities held on scheme records with that held by Her Majesty's Revenue and Customs (HMRC).	All queries to be submitted to HMRC by 31/12/18.	Deadline of submission of queries to HMRC achieved.	HMRC were scheduled to respond to queries by April 2018. This has now been extended to June 2019. This will change the timescales for activity and completion of activity 7. Percentage of queries outstanding with HMRC = 10% Percentage of queries to be resolved by HMRC = 3% Percentage of records fully reconciled = 87%
7	Contracted-out liabilities rectification	To correct any variances to pensions in payment as a result of activity 6	Contract awarded to ITM Limited to undertake this activity on 1 April 2019.	Completion is dependent on HMRC processing all remaining queries.	See activity 6. More information on timescales will be supplied once HMRC have responded to all queries.
8	Pensioner Payroll vs Pensions Administration reconciliation and rectification	To resolve variances in the amount of pension in payment on the pensioner payroll with that held on the administration record.	1/8/17 – 31/3/19	Project completed on 5/4/19	Further detail provided in section 2.3.
9	Member tracing and mortality screening	To ensure all membership records where a liability is held has a current or home address or is marked as gone away where attempts to trace the member have been unsuccessful.	Pending award of contract following procurement of a supplier of screening services via the National LGPS Frameworks	Contract to commence 3/6/19 following mini-competition.	4,739 members' address records have been cleansed to facilitate the effectiveness of the tracing. Updates will be provided on the effectiveness (including cost) on a regular basis.

## 2.2 Resolution of unprocessed leaver records

2.2.1 Progress to date on this activity is detailed in the tables below.

Activity description	Start Date	Due Date	Completed	Comments	RAG Status
Request missing leaving certificates from scheme employers (Single Deferred Benefit (DB))	Jan 19	Apr 19	Complete		G (Green)
Request missing leaving certificates from scheme employers (Multi DB)	Jan 19	Feb 19	Complete		G
Process Multi DB casework.	May 19	Nov 19		To be processed by Aon Hewitt.	A (Amber)
Request missing leaving certificates from scheme employers (Amalgamations)	Jun 19	Sep 19			G
Design processing solution for Amalgamation casework	Sep 19	Oct 19		Requires outcomes from Multi DB processing.	G
Process Amalgamation casework	Jan 20	Dec 20			G
Process remaining Refund and Single DB cases as leaving certificates received	Jan 19	Oct 19		Risk certificates remain outstanding from scheme employers	A

2.2.2 From the baseline position 999 unprocessed leaver cases have now been completed.

Benefit Type	Refunds	Deferred Benefit (single)	Deferred Benefit (multi)	Amalgamation	Total
<b>Baseline</b>	507	442	1,492	3,382	5,823
<b>April 2019</b>	297	280	1,276	2,971	4,824

## 2.3 Pensioner Payroll vs Pensions Administration reconciliation and rectification

2.3.1 During the initial reconciliation stage that ran between August and December 2017 1,123 out of the 1,614 initial variances were found to be correctly in payment, requiring only amendments to the administration record to correct the apparent variance.

2.3.2 The opening position for the rectification stage of the project which commenced in January 2018 was a total of 491 cases. During the rectification of the 491 cases 162 have been found to be correctly in payment leaving only 329 variances resulting in either an underpayment or overpayment of pension that required rectification.

2.3.3 The following tables provide further detail on the cases processed.

Initial Variances	1,614
Variances at commencement of rectification stage	491
Current Variances	329

Fully Reconciled	321
Variances Remaining	8

<b>Overpayments</b>		<b>Underpayments</b>	
Initial Variances	933	Initial Variances	681
Variances at commencement of rectification stage	236	Variances at commencement of rectification stage	255
Valid Variances	90	Valid Variances	239
Fully Reconciled	85	Fully Reconciled	236
Variances Remaining	5	Variances Remaining	3

<b>Overpayment Recovery/Written Off</b>	
Repaid in Full	3
Ongoing Deductions	32
Small Overpayment Written Off in line with Policy	13
Written Off due to interaction with contracted-out project	15
Written Off as member is deceased	1
Written Off due to the Limitation Act	1
Written Off following Internal Dispute Resolution Procedure	2
Correspondence Ongoing	16
IDRP Stage 2 Ongoing	2

2.3.4 The 8 cases yet to be reconciled will be dealt with under the contracted-out rectification project (activity number 7), due to their interaction with this project.

## 2.4 Rectification of pensions increase errors

The following tables provide detail on the cases processed.

	Records Affected	Members Affected
Initial Errors	605	348
Fully Reconciled	150	111
Overpayments Found	25	25
Underpayments Found	76	75
Errors Remaining	455	237

<b>Overpayment Recovery/Written Off</b>	
Ongoing Deductions	1
Small Overpayment Written Off in line with Policy	22
Written Off due to interaction with contracted-out project	1
Correspondence Ongoing	1

## 2.5 Resolution of common data fails identified in the 2018 Data Audit

The table overleaf provides detail on the number of members that fail each test as reported in the Pensions Regulator mandatory annual return for 2018.

<b>Data Fail</b>	<b>Errors</b>	<b>Investigated</b>	<b>Rectified</b>	<b>Comments</b>
Missing/Temporary/ Invalid NI Number	644	644	62	232 further members written to requesting information.
Missing/Inconsistent Forename & Initial	19	19	19	
Missing/Inconsistent Gender	74	74	74	
Missing/Inconsistent Date of Birth	1	1	1	
Missing/Inconsistent Pensionable Service Start Date	773			618 of these records will be resolved following completion of activity 1, a further 15 in activity 5.
Missing Address	6,431	4,739 members' address records have been cleansed to facilitate the effectiveness of activity 9.		To be resolved following completion of activity 9.
Missing Postcode	2,880			
Duplicate NI Number, Different Surname and/or Date of Birth	235	235	178	
Unprocessed Leaver Records	8,427	To be processed in activity 5 detailed in section 2.2		8,171 of these records had no other Common Data fails.
Awaiting Entry Records	786	To be processed in activity 1.		48 of these records had no other Common Data fails.

## 2.6 Resolution of scheme specific data fails identified in the 2018 Data Audit

The table below provides detail on the number of members to fail each test.

<b>Data Fail</b>	<b>Errors</b>	<b>Comments</b>
Missing Salary for one of last 5 periods	1,520	No impact on the amount of pension in payment.
Missing/Inconsistent Date of Leaving	1,296	No impact on the amount of pension in payment.
Missing/Inconsistent Preserved Pre 88 and Post 88 GMP	3,884	To be resolved following completion of activities 6 & 7.
Missing Spouse Pension for In- Payment Members	3,076	No impact on the amount of pension in payment.
Missing/Inconsistent In-Payment Pre 88 and Post 88 GMP	4,934	To be resolved following completion of activities 6 & 7.
Missing Dependant Pension	1,412	No impact on pension in payment as the data is missing from a field that does not affect this.

There are a further 28 issues with smaller volumes of records affected in each category, totalling 2,500 errors.

### 3. Relevant Fund objectives

Continually monitor and measure clearly articulated objectives through business planning.
Maintain accurate records and ensure data is protected and used for authorised purposes only.

### 4. Risk Management

4.1 The Pension Fund Committee approved the Data Improvement Policy and Data Improvement Plan in October 2018 and officers will keep both documents under constant review. The plan details the identified data improvement activities that need to be undertaken and the progress of these activities is reported through the Data Improvement Plan Progress report presented to the Pension Fund Committee and Local Pension Board at every meeting.

4.2 The risks associated with failing to monitor progress against the Data Improvement Plan have been captured in the Fund's risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 1)	The scheme would not be administered in line with regulations and policies	Green
Governance (risk 2)	Those charged with the governance of the Fund and scheme are unable to fulfil their responsibilities effectively	Amber

4.3 The Fund's full risk register can be found on the Fund's website at the following link: <http://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

### 5. Communication Implications

<b>Direct Communications</b>	The Data Improvement Plan Progress report will be presented to the Pension Fund Committee at its quarterly business meetings.
------------------------------	---

### 6. Finance & Resources Implications

6.1 There are no financial and resource implications associated with this report.

### 7. Legal Implications

7.1 Not applicable

### 8. Consultation with Key Advisers

8.1 Consultation with the Fund's advisers was not required for this report.

### 9. Alternative Options Considered

9.1 Not applicable

### 10. Background Papers

10.1 Data Improvement Policy and Data Improvement Plan  
<https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/791/Committee/16/Default.aspx>

## 11. Appendices

### 11.1 Appendix 1 – Data Improvement Activities

<b>Checklist of Key Approvals</b>	
Is this decision included in the Business Plan?	No
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 30 <sup>th</sup> May 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 23 <sup>rd</sup> May 2019
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 30 <sup>th</sup> May 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 29 <sup>th</sup> May 2019

