CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

Date:4th October 2019

Report by: Head of Pensions

Subject:	Data Improvement Plan Progress Report
Purpose of the Report	To present to the Pension Fund Board a report that details progress made against the Pension Fund Data Improvement Plan.
Recommendations	The Board is asked to note the contents of the report.
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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:

2.1.1 Resolution of awaiting entry records to correct membership status

Purpose of activity: To ensure that all members showing as awaiting entry on the pensions administration system are genuine, and to convert to the appropriate membership status where this is not the case.

Original timescale for action: 01/04/2019 – 31/03/2020

Revised timescale for completion: 01/09/2019 – 31/03/2020

Update: Work has commenced on this project and at the early stages it has been identified that a number of these records belonged to employees that were automatically enrolled and subsequently opted without paying any pension contributions and so the records require deletion.

Future milestones: Work will continue until all records have been dealt with appropriately.

2.1.2 Rectification of pensions increase errors

Purpose of activity: To resolve inaccurate pensions in payment on the pensioner payroll due to incorrect Pensions Increase being applied following the migration of the pensioner payroll in 2017.

Original timescale for action: 01/12/2018 – 28/02/2019

Revised timescale for completion: 01/04/2019 – 31/08/2019

Update: Completed - all variances above £100 per annum in value have been fully rectified.

Future milestones: Variances of less than £100 per annum will be resolved as part of the pensioner payroll vs pensions administration system reconciliation for pensions with a variance of less than £100 per annum (to be addressed in the 2020/21 Annual Business Plan and Medium Term Strategy).

2.1.3 Resolution of common data fails

Purpose of activity: To resolve common data fails identified in the 2018 data audit.

Original timescale for action: 01/01/2019 – 31/03/2019

Revised timescale for completion: 01/01/2019 – 31/07/2019

Update: 17.79% of records had at least one common data error identified during the 2018 data audit. Work has been undertaken to rectify errors of duplicate, missing or temporary national insurance numbers, missing or inconsistent gender, forenames and initials, reducing the number of errors by 9.59% to 8.2%. The remaining errors will be resolved through the project detailed in 2.1.4.

Future milestones: The total number of errors will be re-baselined when the results of the 2019 data audit are received in late October 2019.

2.1.3 Resolution of scheme specific data fails

Purpose of activity: To resolve the scheme specific data fails identified in the 2018 data audit.

Original timescale for action: 01/01/2019 – 31/03/2019

Revised timescale for completion: 01/06/2019 – 31/03/2020

Update: 26.87% of records had at least one scheme specific data error identified in the 2018 data audit. These errors will have been reduced through the project detailed in 2.1.4.

Future milestones: The total number of errors will be re-baselined when the results of the 2019 data audit are received in late October 2019.

2.1.4 Resolution of unprocessed leaver records

Purpose of activity: To process all the unprocessed leaver benefits in accordance with the member's entitlement under the LGPS regulations.

Original timescale for action: 01/01/2019 – 31/12/2020

Revised timescale for completion: 01/01/2019 – 31/03/2021

Update: Progress on this activity was previously reported against 4 categories of ring-fenced backlog: Refunds; Deferred (single case); Deferred (multiple cases) and Amalgamations. In practice cases remain in the ring-fenced backlog but can move between categories from month to month. Progress will therefore be reported on an aggregate basis.

From the baseline position 1,486 unprocessed leaver cases have now been completed**.**

Category	Total
Baseline (July 2018)	5,823
August 2019	4,337

Future milestones: Please refer to table below.

Activity description	Start Date	Due Date	Completed	Comments	RAG Status
Process approx. 1,000 Multi DB cases.	May 19	Jan 20		Being processed by Aon Hewitt. Due date delayed due to system issues and process design delays.	A
Process other backlog cases alongside BAU	Aug 19	Jan 20		Using available internal resource	G
Design and implement processing solution for remaining backlog	Jan 20	Mar 21		Requires outcomes from Multi DB processing.	A

2.1.5 Contracted-out liabilities reconciliation

Purpose of activity: To compare contracted-out liabilities held on scheme records with that held by Her Majesty's Revenue and Customs (HMRC).

Original timescale for action: All queries to be submitted to HMRC by 31/12/2018 – completed.

Revised timescale for completion: HMRC are still in the process of resolving queries, despite previous targets dates for completion of April and June 2019.

Update: The percentage of queries outstanding with HMRC is 7.46%. The percentage of queries that HMRC has responded to and are yet to be processed by ITM Limited is 3.93%.

Future milestones: Planning for the rectification stage of this project as detailed in 2.1.6 has commenced.

2.1.6 Contracted-out liabilities rectification

Purpose of activity: To correct any variances to pensions in payment as a result of the activity detailed in 2.1.5.

Timescale for action: Amendments to pensions will be made in March 2020.

Update: Despite the delays in HMRC processing the remaining queries the project to rectify any pensions in payment as a result of a corrected contracted-out liability being received will still progress as planned, by ITM Limited, based on the data that is ready to be processed. Data that is received after January 2020 will be processed manually rather than through ITM Limited's automated mechanism. Planning and testing has already commenced ready for corrected data to be applied to the March pension payment. Members who will see a change to their pension will be notified in early February.

Future milestones: The number of members whose pension requires amendment is expected to be known by December 2019 and this will be reported to the Pension Committee accordingly.

2.1.7 Member tracing and mortality screening

Purpose of activity: To ensure all membership records where a liability is held has a current home address or is marked as gone away where attempts to trace the member have been unsuccessful (excluding active members as the employer is required to update the Fund with changes of address).

Timescale for action: The contract with Accurate Data Services commenced in June 2019. Address tracing is expected to complete by 30 November 2019 and mortality screening will be conducted monthly for the duration of the 2 year contract.

Update: 52,861 deferred, frozen, pensioner and dependant member records were submitted through the first stage of the tracing services.11,429 members were confirmed as living at the address held by the Fund and 164 members were confirmed to have died. All of the 164 members identified as deceased already had their pension payments suspended due to either a past payment being rejected by the bank or post had been returned undelivered. In these cases we had not been able to establish contact with the member's representative.

The remaining 40,063 members were processed against a specialist automated database and a further 19,255 members were confirmed as living at the address held, 6,850 members were confirmed as living at a new address. This left 13,958 cases to be manually traced.

There were a further 1,205 records that were deemed unsuitable for the automated process and therefore these were not included at this stage.

6,078 of the 13,958 low confidence cases were put through the manual tracing process due to the higher costs of this service. 1,483 members were confirmed as living as stated, 483 members were confirmed as living at a new address and 43 members were confirmed as deceased, of which only one pension was in payment and this has now been suspended. Decisions surrounding the additional cases to go through the manual basic service are yet to be made due to the low success rate and to ensure the benefits of the tracing outweigh the costs. Members that infrequently make financial transactions because they have no mortgage or utility bills in their name fall into the categories of low confidence and are unlikely to be traced at their current address at any level of service other than forensic where costs significantly increase.

Verification will be considered for members that are unable to be traced through any tracing service and this will involve members being contacted at the address currently held for them and invited to follow a secure robust process to confirm their identity and address.

Future milestones: Decisions on verification will be made on the members that are not possible to trace through manual methods will be made by 31 October 2019 and the Pension Fund Committee will be advised accordingly.

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 Pension Fund 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

Direct Communications	The Data Improvement Plan Progress report will be presented to the Pension Fund Board 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/ccc_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/791/Committee/16/Default.aspx

11. Appendices

11.1 Appendix 1 – Data Improvement Activities

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 17/9/2019

Appendix 1 – Full list of data improvement activities for the 2018/19 and 2019/20 financial years.

Key action/task	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20
Resolution of awaiting entry records to correct membership status											✓	✓	✓	✓	✓	✓	✓
Resolution of unprocessed leaver records	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Contracted out liabilities reconciliation	✓	✓															
Contracted out liabilities rectification – duration to be confirmed following end of reconciliation stage			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rectification of Pensions Increase errors						✓	✓	✓	✓	✓							
Pensioner Payroll vs Pensions Administration reconciliation and rectification	✓	✓	✓	✓	✓												
Member tracing and mortality screening – duration to be confirmed following procurement process			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Resolution of common data fails identified in the 2018 Data Audit			✓	✓	✓												
Resolution of scheme specific data fails identified in the 2018 Data Audit								✓	✓	✓	✓	✓	✓	✓	✓	✓	✓