

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 15 February 2019

Report by: Head of Pensions

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| Subject: | Data Improvement Plan Progress Report |
| Purpose of the Report | To present progress made against the Pension Fund Data Improvement Plan |
| Recommendations | The Pension Fund Board are asked to note the Data Improvement Plan Progress Report. |
| Enquiries to: | Joanne Walton, Governance and Regulations Manager jwalton@northamptonshire.gov.uk |

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 A summary of the items on the Data Improvement Plan can be found in appendix 1.
- 1.6 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.

2. Data Improvement Plan Activities

The activities on the Plan that are currently in progress are as follows:

2.1 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.

Timescale for completion: As detailed in the table below.

On target for completion: As detailed in the table below.

Progress to date: From the baseline position 816 unprocessed leaver cases have now been completed.

| Benefit Type | Refunds | Deferred Benefit (single) | Deferred Benefit (multi) | Amalgamation | Total |
|---------------|---------|---------------------------|--------------------------|--------------|-------|
| Baseline | 507 | 442 | 1,492 | 3,382 | 5,823 |
| December 2018 | 297 | 331 | 1,310 | 3,069 | 5,007 |

2.2 Contracted-out liabilities reconciliation

Purpose of activity: To compare contracted-out liabilities held on scheme records with that held by HMRC.

Timescale for completion: The reconciliation stage of this activity must complete with Her Majesty's Revenue and Customs (HMRC) by 31 December 2018 as it will not be possible to make any amendments to liability ownership or raise any additional queries with HMRC after this date. The rectification of variances will commence in 2019, the date and duration of which will be defined once the final number of variances are known.

On target for completion: ITM Limited have provided regular assurances that they have raised all 'first time' queries with HMRC by the deadline of 31 October 2018 and that they will have raised all queries that have not been resolved on first presentation by HMRC's final deadline date of 31 December 2018.

Progress to date: An update report from ITM Limited dated 16 November 2018 confirmed that 84% of member's contracted out liability had been reconciled. 2% of records are pending processing by ITM Limited following receipt of information from HMRC and 16% of records are have been sent to HMRC for query resolution. It is expected that 1.6% of the queries that are with HMRC will not be resolved until March 2019. The total amount of records in scope of this project is 74,618.

ITM Limited have provided an early indication the data reconciled with HMRC to date mat result in 382 underpaid and 630 overpaid pension records. .

LGSS Pensions are now considering the most efficient method to make these corrections. For the majority of overpayment cases it is expected that these will be written off in line with the actions taken by the other public service pension schemes.

2.3 Pensioner Payroll vs Pensions Administration reconciliation and rectification

Purpose of activity: To resolve variances in the amount of pension in payment on the pensioner payroll with that held on the administration record. Instances of over or underpayments of members' pensions have been identified.

Timescale for completion: 31 March 2019

On target for completion: Yes

Progress to date: 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.

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 124 have so far been found to be correctly in payment leaving only 367 variances resulting in either an underpayment or overpayment of pension that required rectification.

As at the time of writing this report 219 out of 252 underpayment cases have been fully processed with the member's pension corrected to the right annual rate and with arrears and interest paid. There are a further 33 potential underpayment cases that are significantly more complex to resolve or may interact with the contracted-out project.

To date 30 out of 115 overpayment cases have been addressed. In these cases members have been contacted to notify them that their pension has been overpaid and that it will be reduced to the correct rate. Where the value of the overpayment is in excess of £100, the member has been asked to repay the overpayment by a reduction to their ongoing pension.

Of the 30 members that have been written to advising that they have been overpaid 2 have agreed to repay in full, 6 members have agreed to ongoing deductions from their monthly pension and a further 9 members have had ongoing deductions commence following no response being received. 6 members' pensions have been corrected with small overpayments written off in line with the Fund's Overpayment of Pension Policy. Correspondence is ongoing with the remaining 7 members.

It is anticipated that some of the remaining 85 overpayment cases will also prove to have the correct values in payment.

2.4 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. Instances of over or underpayments of members' pensions have been identified.

Timescale for completion: 28 February 2019

On target for completion: The timescale for completion has been extended to allow for the completion of the activity detailed in 2.3 as the financial impact in that activity is greater on both the Fund and the scheme member. It is expected that this activity will now complete by 31 August 2019.

Progress to date: To date 22 out of 347 cases have been resolved. 10 of these cases have been found to be correctly in payment requiring only amendments to the administration record. 11 cases have been underpaid and these have been fully rectified with arrears paid to the scheme member. The final member had been overpaid and has agreed a plan to recover the overpayment from their ongoing and corrected pension.

It is anticipated that some of the remaining 325 cases will also prove to have the correct values in payment, requiring only amendments to the administration record.

3. Relevant Fund objectives

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| 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

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| Direct Communications | The Data Improvement Plan Progress report will be presented to the Pension Fund Board at each meeting. |
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6. Legal Implications

6.1 Not applicable

7. Consultation with Key Advisers

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

8. Alternative Options Considered

8.1 Not applicable

9. Background Papers

9.1 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>

10. Appendices

10.1 Appendix 1 – Data Improvement Activities

| Checklist of Key Approvals | |
|---|------------------------|
| Has this report been cleared by Head of Pensions? | Mark Whitby – 1/2/2019 |

Appendix 1 – Full list of data improvement activities for the 2018/19 financial year.

| 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 morality screening – duration to be confirmed following procurement process | | | ✓ | | | | | | | | | | | | | | |
| Resolution of common data fails as identified in the 2018 data audit | | | ✓ | ✓ | ✓ | | | | | | | | | | | | |
| Resolution of scheme specific data fails identified in the 2018 data audit | | | ✓ | ✓ | ✓ | | | | | | | | | | | | |

Appendix 2 – Unprocessed leaver activities

| Activity description | Start Date | Due Date | Completed | Comments | RAG Status |
|--|------------|----------|-----------|--|------------|
| Request missing leaving certificates from scheme employers (Single DB, Multi DB) | Jan 19 | Feb 19 | | Original target date Dec 18 | G |
| Process Multi DB casework. | Mar 19 | Aug 19 | | Scoping utilising Aon for processing, funded by staff underspend. Original target date Jun 19. | A |
| Request missing leaving certificates from scheme employers (Amalgamations) | Jun 19 | Jul 19 | | Rescheduled to sync with remainder of project | G |
| Design processing solution for Amalgamation casework | Aug 19 | Aug 19 | | Delayed to see outcomes from Multi DB processing | G |
| Process Amalgamation casework | Sep 19 | Aug 20 | | | G |
| Process remaining Refund and Single DB cases as leaving certificates received | Jan 19 | Jun 19 | | Risk certificates remain outstanding from scheme employers | A |