

CUMBRIA FIRE LOCAL PENSION BOARD

Meeting date: 4th February 2020

From: Director of Finance (Section 151 Officer)

CUMBRIA FIREFIGHTERS' PENSION SCHEME (FPS) DATA IMPROVEMENT PLAN

1.0 EXECUTIVE SUMMARY

- 1.1** *Whilst it is considered that the Cumbria FPS's data is of a good standard, developing and maintaining a data improvement plan and continually striving to improve data quality is considered to be good practice.*
- 1.2** *Your Pension Service (YPS) carried out a review of data in October 2018 specifically looking at items that the Pensions Regulator refers to as 'common and specific data' and this assessment indicated over 99% of common data and over 93% of scheme specific data was present and accurate.*
- 1.3** *Retaining good quality data within the Scheme is paramount to ensuring effective governance and administration of members' pension records. In January 2019 a data improvement plan was developed to further improve the quality of data across the Scheme. This report updates the Board on progress made delivering against this plan during the quarter and is presented at Appendix 1.*
- 1.4** *The report concludes that good progress is being made with the actions detailed in the data improvement plan.*

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

- 2.1** *Robust governance arrangements, including measures to ensure the Scheme holds good quality data, help to ensure good management of the Scheme ensuring member benefits are paid correctly and on time.*
- 2.2** *The Council's vision is to be "A Council that works with residents, businesses, communities and other organisations to deliver the best*

services possible within the available resources". As part of the approach to delivering this vision the Council aims to "Put customers at the heart of everything we do".

2.3 *Maintaining accurate and up to date data is a legal requirement through the General Data Protection Regulations (GDPR). Additionally, in putting customers at the heart of everything we do, the FPS should strive to ensure that information held on members of the scheme is accurate and complete to ensure that pension payments can be made when they become due.*

2.4 *There are no specific equality implications arising out of the recommendations of this report.*

3.0 RECOMMENDATION

3.1 *The Board is recommended to note the report and the data quality improvement plan.*

4.0 BACKGROUND

4.1 The Pension Regulator's Code of Practice 14 detailing the governance and administration of public sector pension schemes notes under section 138 that *"Schemes should continually review their data and carry out a data review exercise at least annually. This should include an assessment of the accuracy and completeness of the member information held"*.

4.2 Data quality within the Cumbria Scheme is reviewed continually throughout the year. This report first updates the Board on data quality within the Scheme and then details progress against the actions within the Data Improvement Plan (presented as Appendix 1 to this report).

Member Tracing

4.3 The main factor contributing to missing "common data" from the Scheme Return completed in October 2018 relates to the Scheme not having an accurate or complete address for scheme members. Whilst the number of scheme members known to have incomplete addresses held for them by the Scheme, as previously reported to the Board, was very low (originally 20 members of the Cumbria FPS), the Pension Regulator's Code of Practice 14 provides specific guidance relating to data quality which is set out at section 208 of the Code. This notes that *"Schemes should attempt to make contact with their scheme members and, where contact is not possible, schemes should carry out a tracing exercise to locate the member and ensure that their member data are up-to-date."*

4.4 In February 2019 the Scheme engaged Target Professional Services Ltd ("Target"), a data tracing agency, to attempt to verify the correct addresses of the active and pensioners that were incomplete. This exercise has now been extended to include all deferred members of the Cumbria FPS,

involving 229 members. Whilst the process is still ongoing, there are only 25 members remaining to have their current addresses traced.

- 4.5 Ten of the outstanding deferred members are aged 50 or over and the DWP tracing service has been used in order to trace them. A response from the DWP on the cases is currently awaited. Two members thought to be living overseas were written to and asked for up to date contact details but no response has been received from these members so far. Four members were written to at their address shown on the Electoral Register and two of these members have confirmed their current addresses. Of the remaining 11 members, all are aged 45 and under and will be assessed on a case by case and value for money basis.
- 4.6 The outcome for these members will be reported to a future meeting of the Board.

National Fraud Initiative:

- 4.7 The National Fraud Initiative (NFI) is a compulsory exercise carried out every two years that matches electronic data within and between public and private sector bodies to prevent and detect fraud. These bodies include the Department for Work and Pensions (DWP) police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies. By using data matching/analytics to compare different datasets across these organisations, the NFI is able to identify potentially fraudulent claims and overpayments.
- 4.8 It is important to note that a match does not automatically mean a fraud has been committed. There may be an explanation for a data match that prompts the Scheme to update its records and/or improve its systems.
- 4.9 For Cumbria FPS the 2018 NFI exercise did not identify any scheme members that had died without the Scheme being aware of it. The next data set from the NFI is scheduled to be received in 2020.
- 4.10 Whilst the Scheme will not tolerate any fraudulent activity, it is recognised that overpayments may have been made in error and to vulnerable older people. Officers will treat these cases compassionately whilst still aiming to protect the assets of the Scheme.

Government Actuary Department (GAD) 2016 Valuation Data:

- 4.11 In September 2019, GAD released a high level summary of data issues for Cumbria from the 2016 valuation of the Scheme. The report noted that data for deferred members had very few issues and that all pensioner records were able to be included in the review. However, GAD excluded 11% of active member records with the main reason being related to pay or service data.
- 4.12 Members discussed this issue at the October Board meeting and agreed further investigations would be progressed with YPS. This has revealed that the validation error related to a number of new retained starters in the 2015 scheme who had correctly been put straight into the CARE scheme, a note

had been included in the submission to that effect. The validation was looking for Final Salary data points (of which there were none); i.e. the error was a false one – the underlying data was correct for that type of record, it was a fault in the validation.

- 4.13 Whilst FPSs are not able to approach GAD direct, YPS have now progressed this issue with the officers at the Fire Scheme Advisory Board who will raise the issue with the Home Office on our behalf. The aim is for improvements to be made to the validation process to ensure correct records are not incorrectly highlighted as being outside expected tolerances.
- 4.14 Separately GAD have asked for feedback on the 2020 valuation draft data specification, YPS have looked at this and have included in their response that the validation in the data submission spreadsheet needs to be correct and any explanatory comments should be noted. YPS have agreed to provide an update when one is received.

General Data Protection Regulation (GDPR):

- 4.15 The Scheme considers itself to be compliant with GDPR regulations however it is recognised that compliance is an ongoing duty and is not complacent as to its obligations to continue to adhere to this legislation.
- 4.16 All personal data held by the Scheme is treated in the strictest confidence. Where there is a breach of data, this is reported to the Information Governance & Risk Manager of the County Council (as the Scheme Manager). Where a breach is considered to be materially significant such breaches would be reported to the Information Commissioners Office and the Pensions Regulator.
- 4.17 No such breaches have occurred relating to the Cumbria FPS since the implementation of GDPR in May 2018.

5.0 OPTIONS

- 5.1 The Fire Local Pension Board may note the actions that have been taken to review data quality within the Scheme and the future as detailed in the data improvement plan (Appendix 1).
- 5.2 Alternatively the Board may propose alternative or additional areas of work to be considered that may improve the quality of data held by the Scheme.

6.0 RESOURCE AND VALUE FOR MONEY IMPLICATIONS

- 6.1 Improved governance aids the Scheme in running efficiently and effectively, and controlling costs which will have a direct impact on revenue budgets.

7.0 LEGAL IMPLICATIONS

- 7.1 There are no direct legal implications arising from the report. The information contained within the report is for the Board's information. The Board's

function is to assist the Scheme Manager in all aspects of the governance and administration of the FPS.

8.0 CONCLUSION

- 8.1 The Fire Local Pension Board remit is oversight of the governance of the Scheme especially in the area of pensions' administration. Data quality is important to the Scheme as, as well as being a requirement of the Pensions Regulator, it impacts on member experience, may affect Scheme efficiency and cost control and can influence the reputation of the Scheme.
- 8.2 Following regular reviews of data throughout the year, a data improvement plan has been developed and included as Appendix 1 to this report. Good progress continues to be made in further improving scheme member data across the Scheme.

J Crellin
Director of Finance (s.151 Officer)

4th February 2020

APPENDICES

Appendix 1 – Data Quality Improvement Plan

Electoral Division(s): All

Executive Decision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No*
Key Decision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No*
If a Key Decision, is the proposal published in the current Forward Plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A*
Is the decision exempt from call-in on grounds of urgency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No*
If exempt from call-in, has the agreement of the Chair of the relevant Overview and Scrutiny Committee been sought or obtained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A*
Has this matter been considered by Overview and Scrutiny? If so, give details below.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No*
Has an environmental or sustainability impact assessment been undertaken?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A*
Has an equality impact assessment been undertaken?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A*

PREVIOUS RELEVANT COUNCIL OR EXECUTIVE DECISIONS

None

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