



## Committee report

COMMITTEE	<b>ISLE OF WIGHT PENSION FUND COMMITTEE</b>
DATE	<b>05 APRIL 2019</b>
TITLE	<b>DATA IMPROVEMENT PROJECT UPDATE</b>
REPORT OF	TECHNICAL FINANCE MANAGER

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### EXECUTIVE SUMMARY

1. This report sets out the progress made against the pension fund's data improvement plan, including the historic data issues, the Guaranteed Minimum Pension (GMP) reconciliation since the last report made in February 2019.
2. Members are asked to note progress made and plans for future action to resolve data quality issues in time for the forthcoming valuation of the fund at 31 March 2019.

### BACKGROUND

3. At the committee meeting on 8 February 2019, members received a progress update on the fund's activities to fulfil its data improvement plan, specifically in relation to the historic data issues (project outsourced to ITM Limited), and the reconciliation of the Guaranteed Minimum Pension (GMP) data with that held by HMRC, following the cessation of contracting-out of state pensions (project outsourced to JLT Limited).
4. Work has continued with both providers detailed above, and this report sets out the progress on each project.

### HISTORIC DATA IMPROVEMENT PROJECT

5. Work continues toward the completion of this project with the outsourced providers, ITM Limited. The revised completion date of 28 February 2019 was not achieved, primarily as a result of failed communications with the schools' outsourced payroll providers. Fund officers continue to receive weekly project updates in advance of progress calls with ITM project staff.
6. As at 19 March 2019, there remained 293 uncleared cases (from a total of 2,210), all of which are with the pension administration team for action. It is anticipated that these cases will be cleared by the end of March. The Data Improvement Officer will present a further update at the committee meeting.

7. The project closure meeting has been scheduled for 21 May 2019, at which the closure report will be presented, including lessons learned from the project and actions for improvement in our data collection and recording processes.

### GMP RECONCILIATION

8. As reported at the committee meeting in February 2019, the GMP project completion had been extended due to changes imposed on the project by HMRC. The completion timetable is dependent on the receipt of response to data queries from HMRC.
9. A project meeting with JLT was held on 29 March 2019, a report from which will be provided at the committee meeting by the Employment Services Lead Officer.

### STRATEGIC CONTEXT

10. The primary objective of the fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, in accordance with the Local Government Pension Scheme (LGPS) regulations and statutory provisions. The committee aims to operate the fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets and that an appropriate level of contributions is agreed by the employers to meet the costs of future benefits accruing.
11. Maintaining accurate membership data will assist in compliance with the newly agreed administration objectives of the fund, specifically to "*provide pension and lump sum benefits for all members, in accordance with LGPS Regulations*".

### FINANCIAL / BUDGET IMPLICATIONS

12. The cost of the work being undertaken for the two externally sourced projects is being charged directly to the pension fund, hence has no direct impact on the council's budget.
13. Following the completion of the GMP project, there may be additional costs in terms of amendments to pension benefits in payment. The final decision on these costs will be made once the analysis work is completed. Any additional cost will be a charge to the pension fund budget, rather than to the council.
14. Ensuring that the correct data is held for all members in time for the triennial valuation at 31 March 2019 will reduce the level of additional assumptions required by the fund's actuaries in calculating the value of the fund's future liabilities. This in turn will reduce the risk of unnecessary increases in employer contribution rates for the council and other employers within the fund.

### LEGAL IMPLICATIONS

15. The Public Service Pensions Act 2013 gave greater responsibilities to the Pensions Regulator for the oversight of public service pension schemes, including the Local Government Pension Scheme.
16. The Pensions Regulator's code of practice no 14, *Governance and administration of public service pension schemes*, sets out the legal requirements for public service pension schemes in respect of the governance of those schemes.

## EQUALITY AND DIVERSITY

17. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
18. The improvement of data quality within the pensions administration system will not impact on any of the protected characteristics.

## RISK MANAGEMENT

19. Failure to maintain complete and accurate records and put in place effective internal controls to achieve this can affect the fund's ability to carry out basic functions. Poor record-keeping can result in a failure to pay benefits in accordance with scheme regulations, processing incorrect transactions and ultimately paying members incorrect benefits. It may also lead to the fund managing investment risks ineffectively. There is also the potential for the maladministration of members' contributions and failure to identify any misappropriation of assets.
20. The fund must be able to demonstrate to the Pensions Regulator that it keeps accurate, up-to-date and enduring records to be able to govern and administer the pension fund efficiently.

### RECOMMENDATION

21. To note the progress made towards the completion of the data improvement plan, and the Guaranteed Minimum Provision (GMP) reconciliation project.

## APPENDICES ATTACHED

22. [Appendix 1](#): ITM progress report at 19 March 2019.

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