

TPSPB (Service Delivery and Maintenance of Data sub-committee) – October, November December 2016 and January and February 2017

TP Administration Update

Background

The purpose of this document is to advise the Service Delivery and Maintenance of Data sub-committee, and the TPS Pension Board, of recent key events relating to the administration of the scheme so as to assist with its assurance role. In particular in the areas of maintaining the quality of member data and record keeping (in line with the requirements of the Pensions Regulator), and reporting certain breaches of the law. The report also aims to assist the Board (via the sub-committee) in its strategic role by providing information on specific actions and projects that aim to ensure the administration continues to improve and best serve all stakeholders' needs.

Within the above, Teachers' Pensions primary role is to pay the right pensions to the right people at the right time. The Department seeks to ensure that happens through: having the right contract arrangements in place; monitoring TP's (and other contractors), performance against expected outcomes; and working with TP and others to continuously improve the service/keep up to date with wider developments. The Board's role is to assess and offer a view on whether these are the right arrangements and whether they are working effectively.

This report therefore covers details on performance and activity in the following areas:

- delivery against performance and outcome standards (e.g. service delivery, annual service returns) ; and
- steps to improve the service and to adapt to/adopt change in over-riding pension arrangements, education or best practice elsewhere (e.g. monthly data collection, the employer review, deferred member project, etc.]

For information - Working with Cabinet Office

November's Service Delivery Board was attended by a guest observer from Cabinet Office, Hristo Hadjinikolov, who has oversight of a number of contractual relationships, and wanted to observe a relationship which was reportedly working well. Hristo's feedback on the meeting and the arrangements in place was very positive.

Sue Crane and David Heslop were invited to a One Government meeting regarding working with Capita by the Crown Representative, Meryl Bushell. We were asked to talk about partnership working as our approach is regarded as an exemplar across Government. This too received positive feedback.

Outcomes

Achievement of outcomes measures has been good this period, customer satisfaction is high and encouraging numbers of members understand the value of their pension. The transformational measures are on track and the measure relating to partnership working is very strong. The level of response in this period continues to be high with 7,147 pieces of feedback received from members and 2,049 pieces of feedback received from employers.

As referenced last time, we are considering if we can refine OM14 in relation to MPO targets to make the targets much more stretching in relation to active members. A pilot is underway, working with employers to identify members who do not have an account to encourage them to set one up; this will allow TP to implement the early recommendations of the employer review.

CEM Benchmarking

The annual benchmarking exercise undertaken by CEM (an independent organisation who specialise in benchmarking) was completed during this period. The report has been finalised and we have had a discussion of the results with John Simmonds from CEM. Overall, we continue to be in the high service low cost segment. CEM will present the results to the sub-committee at the next meeting.

Bereavement Process Improvements

Last time we reported that the process for bereavement and ill health transactions had been revised, this included: an initial review of all applications within three days of receipt to ensure representatives of deceased members are informed of the requirement for any additional information (to conclude the processing of beneficiary benefits as quickly as possible); and the introduction of a case handling service for the more complex or sensitive cases. Feedback is not sought in the usual way because of the nature of the members' need to contact TP, but anecdotal feedback show the service is appreciated with caseworkers receiving compliments about the way cases have been progressed. A survey has been issued to seek further feedback from those using the service and we will provide an update in a later report.

Academy conversion

During this period the number of employers increased by 277, of which the vast majority (274) were academies. The developing links with the DfE converter teams and Education Funding Agency mean that the information provided to TP regarding new academies, and re-organisations between Multi Academy Trusts, is improving all the time. As a result of better connection between the various teams, we are now contacting converting academies much earlier in the conversion process.

Deferred member tracing

We are in month 19 of a 48-month exercise to trace deferred members who have reached their normal pension age but not claimed benefits or a refund. Every month 5,000 such member records are processed. The project started working through the population from the oldest first, with 500 of the sample selected on the grounds of the highest service, rather than age, in order to manage the effect on forecasting. In September the approach was flipped (i.e. youngest first) in order to maximise insight about the effectiveness of the solution.

So far, 92,062 records have been processed for tracing, 41,796 deferred members have been contacted, 14,906 have been identified as deceased and 35,360 members could not be traced. Annex A shows information regarding the pensions put into payment etc.

TP continue to look at alternative approaches to trace members used by other

government departments, current evaluation suggests that these are not as effective as those currently used by TP.

Second bite PI

As TPSPB are aware, approx. 84,000 members, who have retired since 2012, did not receive an increase to their benefits (i.e. “second bite” on their lump sums) which should have been applied at the end of the year in which those benefits were paid; once the pensions increase factor for that year was known. This underpayment in total amounts to approximately £36m, including interest.

Forty-four cases were processed manually before Christmas. These involved the largest underpayments and were chosen in order to best test the quality of the communications and the impact on the operation regarding enquiries.

An IT routine has been developed to apply the factors for 2017 and this routine is being modified to calculate underpayment in the years 2012 to 2016. The modified routine has not yet completed the testing phase, due to the complex variation in calculation types that have to be covered, but this is now expected to be complete during April. A team of 10 are in place and completing their training programme. They have so far completed manual calculations on 381 cases. The team is expected to increase to 25 by the end of April and will be in place until all the manual cases have been cleared, which we expect to be by the end of September 2017. The resources required for this are provided by Capita, separate to the core service.

Customer Satisfaction



As referenced before, 7,147 items of feedback were received from members and 2,049 received from employers during this period.

Achievement against the relevant targets can be seen below.

Outcome Measure	Description	Achievement Year 6 so far	Year 6 Target
5	Members regularly receive information about their pension and are satisfied with its quality	75.79%	76%
6	Members who contacts the TPS about their pension are satisfied with the timeliness and quality of the response	77.46%	76%
7	Recently retired members are satisfied with the support they receive from Teachers' Pensions as they planned retirement.	78.34%	80%
9	Employers are satisfied with the service they receive from TPS	97.38%	80%
10	Employers receive timely and accurate responses from the TPS	86.27%	80%

SLAs and KPIs

Achievement against Service Level Agreements (SLAs) has been strong.

There has been a slight dip in performance in January and February regarding recovery of employer debt: volumes of cases against this SLA are not large, so individual failures have a significant effect. TP work closely with DfE staff to ensure arrears are properly managed.

The KPI regarding time taken to send an IDRPs case to the Department is showing as missing its target at present. TP and DfE are working on the measure to ensure the right member outcomes are measured as working practices are enhanced; this will result in a change to the measure.

Legislative Changes**Recent court cases****Brewster**

Following an extensive court battle, the Supreme Court determined last month that the requirement within the regulations governing the Local Government Pension Scheme in Northern Ireland, which requires an unmarried member to nominate a person to receive a survivor's pension, is unlawful.

The same provision is contained in the Teachers' Pension Scheme regulations. In practice, a pension is automatically paid to a member's spouse or civil partner in the event of the member's death, however, where the member is unmarried, or not in a civil partnership, at the date of death a pension will only be paid where the member has made a nomination in respect of a named individual.

The Department is working closely with HMT and other public sector schemes to develop a consistent, cross-government approach on what changes need to be made in light of the judgement. Action will be taken to seek to identify previous cases and to publicise changes once a final position is agreed, so as to ensure, as far as possible, that any person who, following this judgement, should have been entitled to a pension is paid it as soon as possible. However, new cases where a nomination has not been completed will not be delayed, and will be treated on a case-by-case basis by TP.

Transitional Protection in the Judges' and Firefighters' schemes

The Employment Tribunal (ET) has set out its determination on a case brought, by members of the judiciary, against the government in which the judges claimed the transitional protection awarded to older members of the judges' pension scheme as part of pension reform was in breach of equalities law. The ET determined that the protection was unlawful as it was not a proportionate action to achieve a legitimate aim.

MOJ have appealed the decision. There is no direct impact for the TPS but the Department will maintain communications with HMT and work with the MOCOP group to ensure we are sighted on developments.

The Employment Tribunal also set out its determination in a separate case brought by Fire Fighters. As with the Judges' case, this concerned the legitimacy of transitional provisions in the firefighters' scheme. The ET, in this case, determined that the transitional provisions are proportionate to achieve a legitimate aim. Again, there is no direct impact for the TPS but the Department will continue to monitor developments.

Public Sector Exit Payments

Over-riding regulations on a cap on exit payments and clawback arrangements have not yet been laid. We will advise the Board, members and employers once that happens and in the meantime, TP's website provides details on developments.

Budget 2017

We have analysed the detail of the Budget announcement and there are no fundamental changes required as a result.

Significant Projects



Guaranteed Minimum Pension reconciliation

Work by TP on the GMP reconciliation exercise is progressing well. Given the uncertainties with this exercise, we are progressing on the basis of a rolling three-month contract with Capita and this is monitored by a dedicated board chaired by the Department's Deputy Director. The expected cost of the entire project is £5m. The right resources are in place in line with our contract and we have a projection of resource usage for the remainder of the reconciliation, exercise that gives a picture until completion of that part of the exercise. Further work will be required in two areas:

- to develop an engagement plan when we know the exact detail of what HMRC will be communicating to members;
- to rectify any pensions currently in payment as a result of incorrect GMP information (we are still waiting for central policy decisions on under /overpayments)

The team are beginning to look at active member cases, though further work on cases involving pensioner and deferred members will be needed as a large number of queries are with HMRC for crosschecking. HMRC are taking longer than expected to return queries, but we are working with them to develop an automated response which will allow TP and other scheme to process the records in the most efficient manner. At present, the GMP team have plenty of work to progress so the effect of HMRC delays on efficiency is not too considerable but if the reliability of the service from HMRC does not improve, this will have a significant effect towards the end of the project, where managing throughput of work becomes more problematic.

Monthly Data Collection (MDC)

The on boarding continues: on 22 February there were 2,350 employers live and on board, the percentage of active member base whose data is collected in this way was 23.26%.

In November, there was a targeted engagement campaign to encourage employers to provide an indicative on boarding date, this was effective and at 22 February, we only had 9.42% of the active members' population with employers who are classed as "unconfirmed".

Since Christmas, the focus has been the two anticipated "spikes" in on boarding activity (April and December 2017) and managing those. TP have contacted payroll providers directly and established when their systems will be able to provide the MDC return, they have also contacted employers using those payroll providers to agree dates based on information from the payroll provider. Building on this, TP will make information available to employers regarding "trusted payroll / software providers"; these will be determined by looking at the number of employers who are providing live data via MDC and their respective error rates.

For April to July the on boarding will be managed through a series of monthly "cohorts". On boarding will be fixed by 15th of the month before in order to manage the on boarding as effectively as possible. Each cohort will be subject to weekly reporting, DfE and TP will engage in daily calls during April to monitor this critical stage.

The Finance, Risk and Audit Report covers how the risks around MDC are being managed and the Engagement Report makes reference to engagement activities.

Looking to the future, MDC2 covers plans to further develop MDC to include membership and contribution reconciliations. It will remove the need for employers to provide a separate contribution slip and involves the need to further develop how information is extracted from payroll systems. Next steps are to identify key stakeholders, confirm requirements, develop a timeline, and identify resources (including IT resource), budget and risks.

Data Strategy

Our primary focus continues to be on advancing the amount of data collected via MDC as this immediately and tangibly improves quality and timeliness of member data.

There is anecdotal evidence that the move to online benefit statements has prompted more members to look at their statement and question and resolve missing data. We have seen a 20% increase in contact activity for this reason.

During the period, The Pension Regulator (tPR) issued a report highlighting the good processes we have in place to ensure employer compliance and how tPR had supported TP with this to improve record keeping. Keith Barker from TP presented our approach at a tPR hosted public sector pension scheme consultative group.

Employer Review

TPSPB is aware that the project falls into two distinct phases, phase one is TP taking on some member engagement functions, previously the responsibility of the employer. Phase two addresses concerns about the quality of data provided by an ever more diversifying employer landscape by introducing a risk-based approach to assurance. Phase two is dependent upon the successful delivery of MDC2 which will be delivered after the initial MDC roll out completes (April 2018) at the very earliest.

For phase one the key to success will be with the way we roll out and get accepted the need for an employer to ensure we have connection to the member in question – ideally by asking them to use a very simple process to get the member to create an MPO. We are working with 19 employers (which currently have less 30% of their employees using MPO) to trial a process to improve take up and which will allow us to have an informed discussion with stakeholders (such as TPARG) on the way forward. We will design and test the material and plan to communicate out to employers and members during May and June – before the summer holidays start. Implementation of the new approach is planned for 1 September.

This would also dovetail with our underpinning approach to accelerating and increasing the OM14 target for MPOs for active members.

Reporting Breaches



Subject Area	Typical Breaches
Access to Data Occurrences in the 5 months to 28 Feb	<ul style="list-style-type: none"> ➤ Unauthorised access to data; ➤ Security/IS breaches. nil
Disclosure of Data Occurrences in the 5 months to 28 Feb	<ul style="list-style-type: none"> ➤ 0 Unauthorised/inappropriate disclosure of data; ➤ 0 Disclosure of personal data to incorrect Data Subject; ➤ 0 Failure to verify identity before releasing information; ➤ 0 Medical/sensitive information inappropriately disclosed; ➤ 0 Selling personal data. <ul style="list-style-type: none"> - 2 instances where incorrect information was enclosed with correspondence to members (human error, staff reminded of need for vigilance when manually packing envelopes) - 1 Letter scanned to incorrect record and change of address actioned incorrectly, resulting in information being posted to wrong member - 0 Change of address processed on incorrect record - 0 Email campaign issued to wrong email address - 0 Correspondence issued to incorrect address

Processing of Data	<ul style="list-style-type: none"> ➤ Misuse of data; ➤ Removal of data without permission; ➤ Failure to rectify incorrect personal data.
Occurrences in the 5 months	nil

In all cases the breach is resolved with the member/employer and action is taken to reinforce processes that have failed.

Employers reported to The Pensions Regulator (tPR) –

- Two were reported for failing to pay contributions for a period of 90 days or more (or failing to adhere to a previously agreed payment plan to recover arrears due). One from the Independent sector and one Multi Academy Trust.
- A further twenty-one employers were reported for failing to submit their 2015-16 End of Year Certificate (EoYC). This broke down into eleven Academies, seven Independents, one Free School, one Function Provider and one Further Education College.
- Finally, three employers were reported for continued failure to submit their Annual Service Return. The two academies involved are engaging with their allocated Employer Relationship Manager. The one Independent is not engaging and steps are in place to commence de-acceptance procedures due to this and associated monthly performance issues.