

TPSPB (Service Delivery & Maintenance of Data sub-committee) – March and April 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.]

Contact Centre

The TP contact centre has recently experienced issues with a high number of members receiving an engaged tone when trying to contact TP. There are a number of contributing factors: increased volumes of calls, repeat dial technology being used more frequently and an increase in complexity of calls increasing the average duration of every call. This has been exacerbated by high levels of sickness in the call centre and concurrent systems issues (e.g. automatic password reset). However, good feedback is still being received on the quality of advice being provided on successful calls.

TP have adopted a series of immediate changes, including: clearer sign-posting on the web and clearer messaging at the start of the call regarding the potential wait; revised call routing to enable key contacts (e.g. bereavement) to be filtered straight to an agent; a message and same day call-back facility; etc. TP also increased resources immediately through overtime and are increasing resources to counter the problem with the level of sickness. A review of volumes of digital and telephony contact is underway to establish if any re-alignment of their strategy is required.

Outcomes

Achievement of outcomes measures has been good again, 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 6,204 pieces of feedback received from members and 2,423 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 has been conducted, working with selected employers to identify members who do not have an account and to encourage them to set one up. The employers had been identified as having staff with low levels of MPO take-up. The results of the trial will be available in June and will be shared with the sub-committee, success in this area is important if we are to get value from the administrator taking on the new responsibilities from employers, leading to a good, consistent service to members.

Bereavement Process Improvements

Improvements to the process were implemented at the beginning of November. A focussed review of the performance in this area will be conducted at the Service Delivery Board in early July, this will include an examination of SLA achievement since the new procedures were introduced, focussing on the service experience by members and their families, and will be shared with the sub-committee next time.

Deferred Member Tracing

We are in month 22 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, 102,062 records have been processed for tracing, 49,078 deferred members have been contacted, 15,263 have been identified as deceased and 37,721 members could not be traced.

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.

The bulk IT routine has been developed to calculate the underpayment for the years 2012 to 2016. This was delayed due to the complexity of the calculations embedded in the routine (note: this eventually went live in May). The number of times the routine is run each day can be "flexed" depending on other pressures on the operation, typically is it run twice per day. The routine processes 500 cases at a time, although some cases cannot be processed by the routine and require manual calculation. At

the end of April over 400 cases had been processed manually and a team of 25 is in place to perform the manual calculations; this exercise is expected to be completed by September 2017. The resources required are provided by Capita and are separate to the core service.

Customer Satisfaction



As referenced before, 6,204 items of feedback were received from members and 2,423 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	76.25%	76%
6	Members who contact the TPS about their pension are satisfied with the timeliness and quality of the response	76.71%	76%
7	Recently retired members are satisfied with the support they receive from Teachers' Pensions as they planned retirement.	78.21%	80%
9	Employers are satisfied with the service they receive from TPS	96.99%	80%
10	Employers receive timely and accurate responses from the TPS	86.15%	80%

SLAs and KPIs



Overall, achievement against Service Level Agreements (SLAs) has been strong. As referenced earlier a focussed review of SLA4 (Death Benefits) will be conducted at the Service Delivery Board in early July, and will be shared with the sub-committee next time.

The KPIs regarding time taken to send an IDR (Internal Dispute Resolution Procedure) case to the Department is still showing as missing its target at present. TP and the Department reviewed the measure during this period to ensure the right member outcomes are measured as working practices are enhanced, the Department is monitoring this closely with TP, challenging delivery.

KPIs relating to the call centre dipped in April; this is related to the wider telephony problems outlined earlier. As the Department works with TP to rectify and improve the service, KPIs may need to be revised to drive the right behaviours as the underlying process changes. That is, measures will need to be revised to reflect how we want this area of the service to work going forward.

Legislative Changes**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 has liaised with HMT and other public sector schemes to determine issues around handling retrospective cases, particularly in respect of child pensions and death grants. Subject to further legal advice, we expect to determine a final position soon and begin dealing with the cases involved likewise. So far only a small number have been identified and we are taking steps to identify any others, including to publicise the issue appropriately.

New cases, where the member's death occurred after the judgement and a nomination has not been completed, are being processed without delay as these do not involve the same potential complications with child pensions and death grants.

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.

It has now been confirmed that the two appeals will be heard jointly by the Employment Appeals Tribunal, and that is expected to take place in the Autumn. The

Board will be kept updated on progress.

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.

Significant Projects



Guaranteed Minimum Pension Reconciliation

Work by TP on the GMP reconciliation exercise is progressing well, although the project is now rated as "red" as a result of concerns regarding the capacity of HMRC to deal with queries (outlined below). 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.

Reconciliation involves the need to compare GMP data provided by HMRC with member records held by the pension scheme, and where appropriate, follow up differences in service or GMP value data with HMRC. We estimate that there will be a need to resolve such queries in around 657,000 cases (i.e. for 277,000 pensioner and deferred members and 380,000 active members). In addition, following receipt of the active member data from HMRC, we believe that there may be a significant number of members where we hold data for an individual but where HMRC have not provided information.

TP have already analysed 217,000 cases and passed 189,000 to HMRC for further consideration. Of these, only 88,000 have been returned for TP's further analysis (which will in some cases lead to the need for further follow up queries to be raised with HMRC). HMRC is already taking much longer than the three months originally promised to turn around cases, with some queries having taken up to six months to receive a response from HMRC. For queries raised more recently, we are being given expected completion dates up to eight months after the original date of submission. There is a further complication in that HMRC are not using a standard format in responding to queries, and that is making it more difficult for TP (and other schemes) to handle follow up action. TP have worked closely with HMRC to seek to identify a way forward on this, and HMRC promised an IT based solution would be available some time ago, but so far that has not been delivered.

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.

The Department has written to HM Treasury to highlight concerns about HMRC's handling of queries, as well as delays in decisions on handling overpayments, and will continue to press for action in those areas via the MOCOP network.

Monthly Data Collection (MDC)

The on boarding continues: at the end of April there were 2,083 employers live, the percentage of active member base whose data is collected in this way was 24.05%. The project remains on track.

The two anticipated spikes in activity were described last time as April and December 2017, the April spike actually manifested on 7 May, the deadline for April returns. Fewer employers than expected on-boarded but proactive steps have been taken to engage with those that did not, and good explanations have been received regarding why there was a delay (mainly to do with queries regarding the readiness of software provided by third parties) and when they now expect to on-board.

This period has seen the appointment of a telephony accounts lead to understand software providers and help deliver on boarding dates, linking large employers and their providers. This helps to resolve issues and ensure that scripts are developed for the on-boarding team, making sure they have the right information regarding readiness of software etc. Information will be made 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.

In November, there was a targeted engagement campaign to encourage employers to provide an indicative on boarding date, this was effective and at the end of April we only had 2.09% of the active members' population with employers who are classed as "unconfirmed". Follow up action is being taken to target those.

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.

We have launched our campaigns for viewing on line benefit statements which is a call to action to check salary and service. At the same time, we can encourage members to check other data whilst they are logged on to their MPO account.

Over 215,000 members have viewed their benefit statement. TP have started to work with newly qualified teachers to ensure they set up their details correctly at the outset of their career.

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. A pilot has been conducted, working with employers to identify members who do not have an account to encourage them to set one up: the employers had been identified as having staff with low levels of MPO take-up. The results of the trial will be available in June and will be shared with the sub-committee. We will design and test the material and plan to communicate with employers – 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 2 months to 30 April	<ul style="list-style-type: none"> ➤ Unauthorised access to data; ➤ Security/IS breaches. <p>nil</p>
Disclosure of Data Occurrences in the 0 months to 30 April	<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"> - 0 instances where incorrect information was enclosed with correspondence to members (human error, staff reminded of need for vigilance when manually packing envelopes) - 0 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 Occurrences in the 5 months	<ul style="list-style-type: none"> ➤ Misuse of data; ➤ Removal of data without permission; ➤ Failure to rectify incorrect personal data. <p>nil</p>

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) –

- None 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).
- All 31 employers with outstanding returns were reported for failing to submit their 2015-16 End of Year Certificate (EoYC). This broke down into 18 Academies, nine Independents, one Function Provider, one HE, one Further Education College and one MAT.