

## Teachers' Pension Scheme Pension Board – February, March and April 2016

The purpose of this document is to advise 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 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.

### TP Administration Update

#### Casework: Death In Service and Critical Ill Health

As reported last quarter, TP has now taken responsibility for payment of short-term surviving adult pension in death in service cases, this was done in order to ensure members' beneficiaries receive prompt payment and reduce the burden on employers.

TP has reviewed the processes for all bereavement casework and critical ill health cases based on feedback from members. Under current targets and processes all such cases are treated in a similar way to other cases, i.e. as transactions. This means that handling is not as empathetic as it should be, and can lead to member or beneficiary experience not being as good as it should be at a very difficult stage in a member's life/pension journey. Consequently changes are being made from June whereby a named case handler will build a relationship with the member, their representative or the bereaved, supporting them through the process and acting as the bridge between them and other involved parties. This is a more resource-intensive process for TP so the target for payment reconciliation when a member dies (and there is no on-going entitlement to benefits) has been relaxed to 25 working days to create the bandwidth to make this change.

#### Fraud Incident

The Board has been kept aware of progress in this incident; a former TP employee has pleaded guilty to fraud at Teesside Crown Court on 21 April and will be sentenced on 1 July. Following further activity in the courts DfE and Capita press offices are fully prepared. There have, however, been no further reports of the incident in the press to date.

<b>Customer Satisfaction</b>	
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The arrangements for obtaining feedback on customer satisfaction as members and employers touch the operation continues to prove effective with 15,670 items of feedback received from members this quarter and 3,717 received from employers. Member feedback is good across all measures – with the contact centre achieving the highest scores. Feedback from employers shows levels of satisfaction continue to improve and is now above target.

The arrangements also ensure action can be taken promptly where a customer

expresses dissatisfaction or underlines a problem – with business managers contacting the respondent to discuss how to resolve the issue. Within this, a slight dip in Outcome Measure 6 was seen in April (members satisfied with timeliness and quality of response). The written comments, that customers are encouraged to provide, have been useful in resolving this, for example, it highlighted areas of the web experience that could be improved to help address the issue.

### SLAs and KPIs



Achievement against Service Level Agreements (SLAs) has been good this quarter. A small amount of service credits were applied in February and March, resulting in a small financial penalty, no service credits were applied in April.

A review of 254 outstanding bereavement cases has completed, where TP have been waiting for long periods for replies from third parties – typically solicitors. The review has highlighted process changes, which have been implemented in order to seek to avoid such delays/problems in the future.

The measures for transfers have been adjusted to reflect the reduction in volume in this area.

### Legislative Changes



There have been no legislative changes that affect administrative arrangements this quarter. However TP and the Department continue to work together on monitoring potential developments and on preparation for known changes or issues – for example, Guaranteed Minimum Pension issues and the future changes to limit public sector exit payments.

### Significant Projects



#### **Guaranteed Minimum Pension reconciliation**

The team has increased to 47 as we're now clear that all pensioners who joined the scheme before April 1997 and retired after April 2009 are in scope. Currently the team is sized so that the reconciliation of deferred members and pensioners should end as the work to reconcile active member data commences. Managing the throughput of work is dependent on HMRC responding to queries in agreed timescales; sending the queries through was delayed by about a month as a result of problems with HMRC systems but this has now been resolved. The team will monitor response times from HMRC and have an escalation route should these slip.

The project remains on track to complete well before December 2018 when HMRC will start sending out information regarding contracted out service (including GMP). So far approx 50K of the 263K queries for pensioners and deferred have been completed, analysis of rectification impact is ongoing.

**Monthly Data Collection (MDC).**

As described in previous reports, MDC will replace the Annual Service Return, Re-employment certificates and starter and leaver information. It gives significant benefits to members and employers allowing real time information to be available and reduces the burden of current processes. Currently information relating to 5% of active members is collected this way.

During this quarter TP have moved to an “on-boarding” approach with a dedicated team contacting employers to agree a boarding date and gather key information such as the payroll provider used (where applicable) and contact information. This team are targeting the largest employers (by member population) first. The team collect information regarding barriers preventing the employer from starting to use MDC, such as restrictions on software used, etc. A separate collaboration team have access to this information and work direct with payroll providers and software suppliers to support them in creating MDC solutions.

A pipeline of boarding activity has been created to manage the distribution, showing which employer is on-boarding when, performance month on month as well as the overall totals, it will also give a forward view allowing employers to be directed to “light” months.

Overall, the arrangements for engaging with employers on this are ensuring issues are unlocked as they arise, for example, around the need for employers to provide member email addresses where it has been made clear that TP will work with employers who will find it difficult to comply initially.

Current plans are that approximately 20% of the active population will be served by employers using MDC by the end of May. TP are incentivised to achieve 60% of active member data received in this way by 1 October 2017 and this is expected to be the only method of providing data from April 2018.

**Data Strategy**

The data strategy falls into two main areas: MDC and data cleanse, data cleanse is focussed on retirements and ensuring the correct information is held to calculate benefits. MDC boarding will be the trigger for improving past service and salary information for the employees in scope, enabling active member to plan their retirement better. MDC will also provide email addresses so the improvements identified in the employer review can be implemented. Collection of contributions data via MDC moves us beyond tPR record keeping requirements to covering financial assurance around contribution reconciliation.

A wide range of other activities are also taking place which contribute to the data cleanse work, for example, GMP reconciliation, the deferred member project, and work on valuation and accounts processes. This is ensuring that the Scheme’s data and arrangements for it continue to exceed tPR requirements. TP and the Department are also contributing to the initial stages of a HMT-led project aimed at improving data standards across all public service schemes; it is clear from discussions so far that the actions being taken for the TPS far exceed those of most if not all other schemes, despite data standards already being amongst the best.

Monthly data strategy steering groups are being set up to include the department and TP to monitor delivery of the strategy through 3 lenses – service, engagement and finance.

The pace of the work by TP to move to a greater level of digital communication was discussed at the Quarterly Strategy Board in May. It was noted that the strategy was in line with feedback from members and employers. It was also noted that the strategy complied with the Government overall digital agenda, in particular that TP are encouraging all members and employers to use the digital service alongside a plan which ensures that TP recognise and understand the needs of people who can't use digital services, and provide an alternative way for those people to access the service.

### **Employer Review**

The Department has initiated a joint project with TP to review the role of the employer within the administration of the scheme. This project is intended to ensure that the role of the employer remains sustainable and deliverable over the mid to long term, to ensure that the scheme continues to be effectively managed and that members continue to receive the best possible service.

As referenced before, this work is critically linked to MDC, both in terms of improving the quality of data held by TP but also reducing administration burdens on employers. Focus on MDC, and the efficiencies this can deliver for employers, has led to specific consideration of the End of Year Certificate process.

The project team have interviewed a number of employers about the End of Year Certificate process specifically and a series of Focus Groups were held this quarter to obtain the views of employers on the preferred model.

The recommendation report is due to be presented to the scheme manager before the next TPSPB, a separate update has been provided for the June TPSPB (annex to this report).

### **Deferred Project**

The deferred project relates to active unclaimed pensions, where a member has left the scheme but has neither transferred their existing pension to a new scheme nor claimed the residual funds. The project benefits the members involved by reminding them of their entitlements, but is also necessary to provide assurance to scheme forecasting and valuation processes, and improve scheme data. The impact on forecasting and valuation is closely monitored and present the impact is not significant.

The project is on track in terms of the number of records investigated and is approximately one year through a four year project. We are mainly working through the population based on age (oldest first) but 10% of those picked for tracing each month have high reckonable service, regardless of age. Progress was reviewed at the Service Delivery Board in May and the board noted that the number of cases where TP have been unable to trace the deferred member is reducing as the age of those they are trying to trace reduces. The Service Delivery Board were happy with

the general approach taken by TP with a couple of enhancements to processes identified, for example that the communications were clearer about the requirement to apply for benefits and that an alternative methodology for members to verify their identity .

### Contract Outcomes (OMs)



The review of how to improve the measurement of outcome measures is complete. Arrangements for OM2 (members understand the value of their pension), and OM3 (members are actively planning for retirement) have been agreed. These will provide a 'real time' perception directly from members, as opposed to annual measurements which are currently undertaken by IPSOS-MORI.

For OM11 (employers engage) we will measure: reach (the proportion of employers using the web site during that month), awareness (the proportion of employers who read the employer bulletin and specific event web pages), participation (an advertised event relevant to their needs) and quality (how good or poor the article /seminar /webinar /video was judged to be).

The measures are in place and targets for contract year 5 have been agreed, targets for the rest of the contract term have not been set as it expected to review the measures once the employer review recommendations are implemented.

### Reporting Breaches



Subject Area	Typical Breaches
<b>Access to Data</b>	<ul style="list-style-type: none"> <li>➤ Unauthorised access to data;</li> <li>➤ Security/IS breaches.</li> </ul>
<b>Occurrences in the 3 months to 30 April</b>	nil (1 last quarter – fraud incident)
<b>Disclosure of Data</b>	<ul style="list-style-type: none"> <li>➤ Unauthorised/inappropriate disclosure of data;</li> <li>➤ Disclosure of personal data to incorrect Data Subject;</li> <li>➤ Failure to verify identity before releasing information;</li> <li>➤ Medical/sensitive information inappropriately disclosed;</li> <li>➤ Selling personal data.</li> </ul>
<b>Occurrences in the 3 months to 30 April</b>	<ul style="list-style-type: none"> <li>- 1 instance where incorrect member details were sent to the incorrect employer (0)</li> <li>- 7 instances where incorrect information was enclosed with correspondence to members (human error, staff reminded of need for vigilance when manually packing envelopes (13 last quarter)</li> <li>- 2 Change of address processed on incorrect record (0)</li> <li>- 1 Service record updated in error by Employer (0)</li> <li>- 1 Information scanned to incorrect record (0)</li> <li>- 1 Information issued to old address (0)</li> </ul>

<b>Processing of Data</b>	<ul style="list-style-type: none"> <li>➤ Misuse of data;</li> <li>➤ Removal of data without permission;</li> <li>➤ Failure to rectify incorrect personal data.</li> </ul>
<b>Occurrences in the 3 months to 31 January</b>	nil

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

The following Employers were reported to tPR –

- 3 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 are from the Independent sector. In the case of one school initial legal advice has been obtained to prepare for the eventuality that removing access to the Scheme has to be considered.

13 Non-LA Employers (9 Independent, 2 FE, 1 Free School, 1 Academy) were reported, for non-submission of their 2014-15 return, tPR have advised they will write to these organisations to re-iterate their responsibilities.