**Teachers’ Pension Scheme Pension Board – November, December 2015 and January 2016**

The purpose of this document is to advise the TPS Pension Board of recent key events relating to the administration of the scheme.

**TP Administration Update**

**Guaranteed Minimum Pensions**

This quarter saw the creation of the GMP reconciliation team; 24 staff are in post working on records for deferred members who joined the scheme before 1997.

**Fraud Incident**

The Police investigation into the fraud incident reported in August continues but there is no indication when the case is likely to go to court. We have good links with the police who understand the importance of notifying us early regarding the court proceedings. As explained in previous reports, no member suffered any detriment and Capita have indemnified the scheme in full.

The recommendations made by Capita’s Group Internal Audit and the Government Internal Audit Agency (GIAA) after the incident have been fully implemented, with the exception of the proposed control to trawl against staff bank accounts. Capita’s view was that, after investigation, this was not feasible or necessary to implement. GIAA are content that other controls reduce the risk to an acceptable level, subject to review of the effectiveness of the new operating model in quarter 2 this year. <redacted> <redacted> <redacted> <redacted> <redacted> <redacted> <redacted> <redacted> <redacted> <redacted> <redacted>.

**Annual Service Returns – Contribution Data**

The submission rate for Annual Service Returns for 2014/15 has been much better than in previous years, details relating to all but 959 members been received, compared to 9,675 outstanding this time this year. TP have been working with those employers that are late, helping them to resolve issues and promoting the use of Monthly Data Collection as an alternative.

**Death in Service Payments**

This quarter TP have taken responsibility for Death in Service payments from employers. Feedback from employers was that they did not have the capacity or capability to progress these quickly and many employers did not realise that they had this responsibility at all.

**Medical Advisers**

Following a management buy-out of the medical services provider advice was sought from procurement specialists in the Department, and procurement lawyers from Government shared services, to ensure the risks identified regarding the timing of the management buy-out were understood. Lawyers and procurement specialists were content that the validity of the contract could be reaffirmed via novation agreement; this was signed on 10 February by all parties. The service remains at a good level and has not been impacted by any of the changes.

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| **Customer Satisfaction** |  |

The regime of obtaining feedback on customer satisfaction as members and employer touch the operation continues with 9,664 items of feedback received from members this quarter and 1,302 received from employers. Member feedback is good across all measures - the contact centre achieving higher scores than other areas. Feedback from employers shows levels of satisfaction improving and is now above target.

TP have improved their procedures for following up on feedback this quarter. Responsibility for contacting members and employers who have provided comments, and have indicated they are content to be contacted, has been passed to the manager of the team who provided the service. This allows more feedback to be followed up and reinforces the message that customer satisfaction is a key deliverable for all aspects of the operation.

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| **SLAs and KPIs** |  |

Achievement against Service Level Agreements (SLAs) has been good this quarter. Only 35 service credits were applied in January, which meant that no service penalty was applied, the first time this has happened since September 2013.

254 Outstanding bereavement cases have been ring-fenced to drive service improvement in this area. A number of these cases have been outstanding for some time, waiting for information from 3rd parties. The resource allocated to the ring-fenced cases provides both focus and capacity to identify changes that will improve the service to members and their families. TP are providing weekly progress updates to the contract management team.

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| **Legislative Changes** |  |

The new tax section of the website is now live and provides information on the changes to Annual Allowance and Lifetime Allowance. A series of briefing notes have been created for members, or their financial advisors, to help them understand the changes being introduced from April 2016.

HMRC have amended the Pension Input Period for 2015/16 to align with the financial year. This means that employers are required to provide information on salary to 31 March for the current year end, but also for the period 1-5 April 2016. Work has been on-going to agree the best approach to deal with this requirement and to balance legislative requirements with the ability of employers to provide the data needed. Following legal advice and liaison with employer groups it has been agreed that, where possible, employers will provide accurate data for the extra five days to 5 April. Where this is not possible employers are to provide estimated data. For those cases where only data to 31 March is provided, TP will calculate and issue Pension Savings Statements (PSS) based on this data. Clear communication to both employers and employees is critical to the process and the Department and TP have worked together on the detail of this.

Draft disclosure legislation has been published that sets out the disclosure requirement for the 2015/16 tax year. This states that TP must provide a PSS to anyone whose pension accrual is greater than £40,000. Therefore any members close to the AA will receive a statement – processes are in place to deliver on this.

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| **Significant Projects** |  |

**Guaranteed Minimum Pension reconciliation**

As mentioned earlier, a team of 24 is now in place, working on the GMP records for deferred members who joined the scheme before April 1997. Concentrating on this group and starting this work early allows the TP team to better understand the scope and nature of the overall exercise.

The Department and TP have continued to work with HM Treasury and other government Departments on policy decisions and it is now clear that all pensioners who joined the scheme before April 1997 and retired after April 2009 are in scope. This means the team will, as expected, have to increase substantially in order to reconcile the required pensioner and deferred member records before January 2017, when HMRC release information relating to active members.

**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 member is collected this way.

During January TP sought feedback from all 210 employers using MDC so far, of the 24 that responded 18 felt it was a time saving solution. Issues uncovered from the 6 negative responses include problems with Excel expertise within the employer group, and issues around a payroll provider committing to assist with the implementation, only to then change its approach. All items of negative feedback are being followed up to ensure lessons are learned and to help enhance the support that is given to future users. None of those who responded were unhappy with the level of support they had received from TP during the on-boarding process.

The next phase of on boarding employers will take place in April, bringing coverage to 12%, there is then a further phase planned for September. 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 6 April 2018.

Analysis of feedback from the Employer Review Project stresses the importance of this project and has led to data fields regarding email address and contributions being made compulsory.

**Data Strategy**

This quarter TP have provided a draft document, with proposals on how to improve the data strategy, to the Department for comment. Proposals include obtaining historic data from employers’ payroll and using the contact centre to update member records as part of their call routines, to improve data quality moving forward. This proposal document will form the basis of the revised Data Strategy for contract year five and beyond. This will help further progress data quality and will build on activities already delivered in previous years.

**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 members involved by reminding them of their entitlements, but is also necessary to provide assurance to scheme forecasting and valuation processes.

The project is on track in terms of the number of records investigated. The number of negatives (i.e. where TP have not been able to trace the deferred member) has reduced this quarter from 48.2% to 46.9%. The fail rate is high but not unsurprising as TP are working through the oldest outstanding cases first.

**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 has been extended by six weeks to ensure the process is examined properly and to refine the model as much as possible before engaging with stakeholders again, thus ensuring the right recommendation can be identified in respect of employers’ responsibilities in the future. It is possible that TP will be able reconcile data at employer level on a monthly basis and provide additional assurance for the resource accounts.

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| **Contract Outcomes (OMs)** |  |

The review continues, this quarter we have concentrated on OM2 (members understand the value of their pension), OM3 (members are actively planning for retirement) and OM11 (employers engage with the TPS). These are key measures of engagement, as distinct from customer satisfaction, which are covered by OM 5,6,9,and 10 and can be found in the customer satisfaction section of this report.

TP plan to take advantage of latest technology to measure these outcomes in a more timely and targeted way. It has been agreed that OM2 and 3 will be measured monthly, which will provide a ‘real time’ perception directly from members, as opposed to annual measurement which are currently undertaken by IPSOS-MORI.

Employers will be segmented by month as part of a rolling programme, and will be asked to circulate a survey, and link to the website, to staff via internal email facilities. Traditional paper methods, such as pigeon-hole delivery will also be used where necessary. For OM11 TP want to 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 will be set once evidence has been gathered, in order to ensure the targets set for contract year 5, and beyond, are stretching.

The amber status will remain until the review is complete.

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| **Reporting Breaches** |  |

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| **Subject Area** | **Typical Breaches** |
| **Access to Data**  **Occurrences in the 3 months to 31 January** | * Unauthorised access to data; * Security/IS breaches.   The internal fraud incident as reported to the Board remains the only breach of access to data. |
| **Disclosure of Data**  **Occurrences in the 3 months to 31 January** | * Unauthorised/inappropriate disclosure of data; * Disclosure of personal data to incorrect Data Subject; * Failure to verify identity before releasing information; * Medical/sensitive information inappropriately disclosed; * Selling personal data. * 13 instances where incorrect information was enclosed with correspondence to members (human error, staff reminded of need for vigilance when manually packing envelopes) * 1 instance where information was sent to the wrong member (address updated automatically in error when receiving leaver information from employer – system fix implemented) |
| **Processing of Data**  **Occurrences in the 3 months to 31 January** | * Misuse of data; * Removal of data without permission; * Failure to rectify incorrect personal data.   nil |