

McCloud Project Position Statement

Introduction

The intention of this statement is to show a comparison in what XPS Administration Limited (XPS) expected to be in place on 1st October 2023, in relation to McCloud, and the actual position they found themselves in. This will cover contractual, system development, and data provision and how these have impacted on service delivery.

Contractual

XPS, NPCC, and Heywood have had numerous discussions on the development and delivery of the McCloud Remedy to the Police Pension Schemes. This has resulted in a phased approach with the final phase covering the changes required to provide the McCloud Remedy to retirements from the schemes from 1st October 2023 but also revisiting those members under the McCloud scope who have left the scheme since 1st April 2015.

As part of this development there were specific costs associated to system development and administration services that were outside the current contractual requirements. For the latest phase, these costs were outlined in the Project Initiation Document which was agreed and signed on 7th July 2023 then updated, agreed, and signed to include the Heywood Technologies PID and fees on 31st July 2023 (by XPS) and then countersigned by NPCC on 1st August 2023.

The PID stated that for XPS to undertake the work outlined they would need contractual agreements, Purchase Orders, and data templates by set dates, these being:

- Completed, accurate, data templates returned by 31st July 2023
- GAD Contribution Calculator data provided by 31st July 2023
- All Purchase Orders to be received by 1st September 2023
- All payments to be made on the dates outlined in the PID (i.e., 1st August and 1st October 2023, 1st April and 1st October 2024, and 1st April 2025).

To date, XPS are awaiting:

- 5 data templates
- 18 Purchase Orders (2 relate to Fire clients)
- 9 clients with outstanding payments (covering payments due on both 1st August and 1st October).

System Development

XPS, along with other Police & Fire administrators, rely on Heywood to provide their pension administration system. Heywood have been making phased improvements to the system across two previous phases of the McCloud project resulting in the below calculations being developed*:

- Active to deferred (10 queries outstanding)
- Active to early/normal/late retirement (4 queries outstanding)
- Active to ill health (12 queries outstanding)
- Annual Allowance Recalculation (1 query outstanding)
- Deferred to early/normal/late retirement (1 query outstanding)
- Deferred to ill health retirement.

*These calculations have been developed for more simple cases (i.e., do not involve divorce, transfers, or pension tax complexities).

A prerequisite for utilisation of the functionality is the accurate receipt of data, which then needs to be uploaded to Altair. We have included an update on the data position later in this report. XPS had previously been advised by Heywood that the functionality was applied globally and could not be utilised until XPS had full and complete data from all their clients. XPS have challenged this and whilst the functionality switch on is global, the process known as status Z which updates Altair to comply with the post remedy calculations can be done on a force-by-force basis. XPS are seeking assurances from Heywood that this won't cause any issues further down the line if we enable the function for clients on a staggered basis.

We have also noted above that we have outstanding issues with the calculation delivery before we feel in a position to accept them in to live without significant workarounds.

The main area that impacts our BAU Pension Administration is linked to the Annual Allowance recalculations. XPS have queries with Heywood on their calculation development due to differences in what the automated process produces and what is produced manually.

The key issues that XPS have discovered are:

- For Annual Allowance, XPS needs to recalculate each year from 2012/13 to ensure they have the correct carry forward for the taxable years under McCloud. This process is conducted twice for tapered members resulting in significant additional work.
- Heywood have confirmed that their bulk AA rollback calculation disapplies any AA Scheme Pays debits that relate to the roll back period where previously implemented. They had initially stated all previous debits would be disapplied but are checking this as we do not agree. Heywood also need to look at how debits need to be re-applied after the rollback is complete.
- XPS expected the Heywood design to output the required retirement values on a single calculation and then input directly into documents. However, these are produced on separate calculations/records resulting in efficiency losses due to manually compiling a member option based off multiple documents across multiple records.
- GAD Contribution adjustments cannot be currently held in Altair and as these values affect the output values from the calculations, manual editing of the options is required to ensure they are incorporated.

Data Provision

As stated above, the PID covering this phase of the McCloud remedy project required the provision of timely and accurate data from P and F clients. This data is required for both the Immediate and Deferred Choice members due to providing the alternate scheme data to allow the relevant calculations to be undertaken (e.g., CARE pay whilst a member of the legacy scheme). Delays in the receipt of this data results in individual requests having to be made to forces and then a combination of manual or small data uploads to records to ensure the correct data is held. An overview of the templates expected and processed is:

Total:	Template collection
57	Templates received
3	Templates outstanding
10	XPS Completing Templates
70	Total Templates

Total:	Template checking
57	Initial check done
6	Incomplete data/returned to force/awaiting revised data

0	Tolerance checks ongoing
3	3rd eye review to take place
46	Complete and passed to systems for interfacing (still a number of queries remain for the client, plus system errors)
57	Total Templates

The above does not include Kent Police who are looking to provide completed data templates by 31st March 2024.

It is important to note that XPS have completed far more data work than was agreed under the PID. You can see from the above we have had to implement additional checking steps, due to the quality of data received. At this stage XPS have not leveraged any additional charges for this work but we continue to have issues with the data received. The main data issues relate to financial information with thousands of queries sent back across our client base.

A key component to the calculations relates to the provision of net contributions (with interest) that may be owed to or by the member, depending on their choice of benefits. Although the PID required that this data was available by 31st July 2023, the GAD calculator was provided to employers on 13th September, with two further updates by first week of October.

XPS had delayed issuing options to members prior to the release of the GAD calculator but due to the late issuance commenced providing retirement options without the difference in contributions that the member would owe if taking full legacy benefits.

BAU Service Delivery

Since the implementation of Pension remedy on 1 October 2023, XPS have experienced a drop in their normal service delivery standards. Below we have provided Details on the comparison to pre-McCloud and the post McCloud administration processes highlighted below:

Pre-Remedy

- An average retirement quote for someone without Annual Allowance, PSO debits or ill health pre remedy would take about 20-30 minutes.
- For other 'complex' cases there are additional efforts needed, even pre remedy.
- For PSO debits the average case time approx. 45 mins.
- For higher tier ill health there was a manual process to use the best of the last 10 scheme years pay in the and then the enhancement manually calculated. On a higher tier if no AA exemption is in place most cases will now breach so the amount of AA breach in the final year has to be calculated and a manual Scheme Pays debit worked out. A second set of options then produced with SP and offered to member and letter needs to be manually added. Approx time 1.5 hours with checking
- Annual Allowance cases can vary dependant on the number of Scheme Pays in existence. Separate pay calcs for AA years needed. New breaches have to be calculated as above, with debits calculated outside of Altair. Approx time 1.5 hours.

Post remedy

- With no data load (DCT) or live calculation switch in place cases are undertaken in Test2 service, with a manual load of the data template pay info. For the clients where no DCT info is held XPS have to manually work out, and

input, CARE pay for up to 7 years. This is in addition to the normal steps above. Approximate time per non-complex case 45 mins.

- PSO debits cases. If the order was made within the remedy period, we are having to perform two additional manual calculations, for the amount in legacy, and the amount in reformed. Approx time 1.5 hours.
- Higher tier ill health. Additional pay and enhancement complications combined with the initial post remedy steps. Approx time to complete 2.5 hours.
- AA cases. Here is where the real resource drain is currently. This is compounded by the number of members we have who have existing AA debits in place. For these members we do all the steps above but then provide three sets of AA data. All these statements are a manual generate but before we can do this, we must strip the AA lines back to 01/04/2015 and rerun each year up to 2021/22. Approx time to complete 4 hours.

Overall XPS expected to have a greater level of automation available from 1 October and have outlined the impact of manual workarounds above, which in turn impact on the service delivery. We are working through mitigations and have covered this in more detail later in this report.

This additional work has impacted usual administration standards, particularly on retirement options. Below we have provided Statistics covering payment of lump sums compared to retirement date and the SLA achievement for estimates, and retirements (Options and Actual) are shown further down (figures to 30/11/2023):

PCLS Payments

Lump Sum Payments	October		November		December		Total	
Average	10		5		1		7	
Worst	59		27		4		59	
Median	8		3		0		4	
On DoR	40	17.47%	57	32.39%	38	74.51%	135	29.61%
< 7 days	74	32.31%	69	39.20%	13	25.49%	156	34.21%
8-14 days	65	28.38%	37	21.02%	0	0.00%	102	22.37%
15-21 days	20	8.73%	11	6.25%	0	0.00%	31	6.80%
22+ days	30	13.10%	2	1.14%	0	0.00%	32	7.02%
Total Payments	229	100.00%	176	100.00%	51	100.00%	456	100.00%

Due to the late provision of the GAD calculator, which has a direct impact on force's ability to provide XPS with the data required to finalise retirements post October, XPS temporarily altered their approach to prioritise payments of retirement lump sums in date order, rather than working to SLA in conjunction with their clients.

XPS have reviewed all retirement cases completed in October and noted that almost 44% of GAD contributions were received on or after the Officers retirement date. On average, contributions were received 4 days prior to the retirement date. With the SLA for payments varying across our client base, but generally 5 working days this shows the challenge in place, in conjunction with additional administrative challenges outlined earlier.

We are pleased to see a positive trend from the above table in that 71.59% of Officers received their lump sum within 1 week of retirement and 92.61% within 2 weeks in November. December continues to show an improvement here which we aim to sustain as we overcome the additional administrative burden post October.

Whilst we are pleased with the progress in terms of ensuring members are paid in a timely manner, we are working to ensure retirement options are issued in a timelier manner. We have provided the SLA data below for October and November for complete transparency.

SLA's:

October 2023						
Service	Target Days	Minimum Target	Average Case Time (days)	TOTAL (cases)	Within Target	Actual Performance
Estimates	10	100	10	49	34	69.39
Retirement Actual	5	100	2	183	172	60.78
Retirement Options	10	100	15	193	64	33.16
				425	270	63.53%

November 2023						
Service	Target Days	Minimum Target	Average Case Time (days)	TOTAL (cases)	Within Target	Actual Performance
Estimates	10	100	18	68	27	39.71%
Retirement Actual	5	100	3	136	123	90.44%
Retirement Options	10	100	20	214	57	26.64%
				418	207	49.52%

We have noted from the stats that whilst the retirement payments for November show a vast improvement, we have seen an increase in the average processing time. We are conscious that working in retirement date order can often conflict with the SLA requirements and the stats alone do not show us the full picture. We have already analysed the retirement cases from October and are currently undertaking the same exercise for November to understand the drivers behind the stats and how we continue a positive trajectory.

We have also put in place a new template from December, designed to capture additional MI in real time which we have discussed with NPCC colleagues. The analysis for October and November has been labour intensive as administration systems are designed to report out primarily on SLA's. We have designed this template as an interim solution and expect we will work with the NPCC and other stakeholders to define future reporting requirements, which were not contained in the original PID.

XPS response/next steps

We have provided a description of the current service provision and highlighted the challenges we are facing post remedy. It is important we document the steps XPS have taken to improve the service delivery and the plans we have in place to further mitigate the challenges we face.

Below is a list of actions XPS have taken so far:

- Rolled out additional training, increasing the pool of staff able to handle the post remedy manual calculations.
- Brought in additional management support both from an overall project perspective and to support BAU.
- XPS have commenced development of their own automated tools to support BAU, which are currently in testing and hoped to go live out by the end of 2023.
- Increased engagement with the NPCC to tackle strategic issues with weekly meetings feeding into a monthly oversight board.
- Case Review meetings have been set up with several clients to identify and update on priority cases in addition to their regular service review meetings.
- Call recording rolled out for clients which have given us permission. This will help to identify training needs and better manage escalated cases.
- Regular contract management meetings with Heywood in relation to the software development and overall service provision with senior XPS representatives.
- Additional data checks and manipulation outside of the core agreement to try and support forces, drive efficiencies, and improve the member experience.
- Temporary move to working in retirement date order, rather than by SLA to closer align payment dates to Officers retirement date. SLA works on the point all information is received, so this was needed as noise was focussed around when Officers received their lump sum.
- Analysis of all October retirements to identify any issues and plan mitigations.
- Roll out of a new template to capture data in real time and allow for better and more efficient reporting/analysis.

In addition to the move XPS acknowledge there is still work to do and have identified some key steps that we need to take in the short term:

- XPS are reviewing all November retirements to identify and address any issues.
- XPS are working on communications to publish on their website to provide members with an update on service delivery and the wider project.
- XPS will be organising more Blue Light client meetings covering topical issues following on from meetings in May and September both face to face and virtual.
- XPS continue to work on automation development as part of the PID to support the rectification work.
- Move back to working based on SLA timings which focus on the timing from when all information is received. This will allow for better management of the workloads. It also allows better management of expectations with estimated timelines for delivery easier to communicate.
- Review of support for our contact centre and a meeting to be set up with Clair Alcock and Sophia Cosgrove (XPS Head of Contact Centre Operations).
- XPS to explore a phased approach with the switch on of automated calcs generating efficiencies for the BAU team subject to testing.

- Factoring in everything in this report XPS will continue to look at ways of reducing the processing time for issuing quotes as this is the key pinch point with BAU.