Monthly Data Collection 2

Collection of Member Contributions Data

Background

- One of the main drivers for change within Teachers' Pensions is improving the data we hold through our data management strategy as per Pension Regulator requirements.

- The solution will support these initiatives by providing up to date service, salary and contributions information.

- This will allow for the comparison of member level contributions to service and salary details.

- The need for the current 'Monthly Contributions Breakdown Slip' will thus be removed.

- In addition, the development will also:

  - Allow for the reconciliation of contributions data to the payment made.
  - Include built in validation routines to assist employers.
  - Assist Teachers' Pensions in identifying any further variances or tolerance issues.
  - Remove additional responsibilities from employers.
  - Act as an enabler to evolve the current EOYC process.

Approach

Having identified the opportunity to utilise MDC to record and reconcile contributions we carried out initial scoping of the likely requirements -

- Utilise the existing employer and employee contribution columns to reconcile contributions.
- Add additional columns relating to flexibilities, additional payments, refunds and back dated pay awards.
- Include indicators relating to periods of absence (e.g. maternity, paternity, occupational sick).
- Include total contribution fields to replace the information found currently in the Monthly Contributions Breakdown Slip.
- Tiers can be deduced from the salaries provided currently.
- Enhance Hartlink to automatically populate contributions data from MDC submissions.
- Implement controls to identify errors following submissions and automatically notify employers/providers where corrective action is needed.

Most crucially of all is engagement at an early stage of the project -

- Run a number of approach assurance groups to test concept and agree a final specification.
- Ensure coverage from all sectors as well as payroll and software providers.

Pilot exercise

An initial contributions reconciliation pilot exercise has been undertaken by TP utilising the total employee and employer contributions totals provided by employers on their current MDC submissions.

These totals were compared to the actual amount of contributions made for the relevant months and to the monthly contributions breakdown slip supplied. The volume of contributing members on the MDC file and the slip was also checked.

The results showed that variances existed between the contributions on MDC and the payment/slip.

Analysis identified that this may be a result of:

- Rounding issues as the MDC solution does not currently deal in decimals (development in progress).
- Not all contributing members were recorded on the MDC submission. For example discrepancies in the treatment of supply teachers.
- Multiple MDC files have been submitted for the same month containing duplicate data.
- Outsourcing of payroll services results in potential for multiple MDC files or payments to be made. Reconciling these proved difficult.

Prototype Template

Following review of the existing MDC template TP propose the following amendments under MDC2.

Field Name	Purpose
Contract Number	In order for Teachers' Pensions to calculate concurrent service for employers, the contract number is required. This will allow for TP to identify different contracts and amalgamate/update accordingly. This will be free text.
Contract Indicator	The contract indicator is used to define whether a member's current contract/status will affect their pension contribution. This relates to periods of absence/reductions such as: • Maternity Leave • Adoption Leave • Paternity Leave • Shared Paternity Leave • Occupational Sick Pay

Prototype Template

Field Name	Purpose
Actual Monthly Pensionable Pay	This field contains the actual monthly pensionable pay that the member would normally receive. This is then used to determine the contribution rate and value. This field is mandatory and should be completed for all members', regardless of being part time or full time.
Is Member in the Career Average Arrangement?	This field dictates the scheme arrangement the member is in and is therefore used when determining whether the overtime value must be added to the contributable salary. Selection should be either Yes/No.
Bonus Payments	A new field to record any pensionable bonus payments.

Prototype Template

Field Name	Purpose
Employee Contribution (%)	Based on the AMPP provided, the solution will calculate the Employee Contribution tier to be applied (AMPP x 12).
Employer Contribution (£)	The amount of contributions the employer has submitted for the member for that month. This value does not contain any additional contributions, such as Additional Pension or Faster Accrual, these must be recorded separately. The value should be provided in pounds and pence. Zero fill it not applicable (e.g. Opt Out).
Member Contributions (£)	The amount of contributions the member has submitted for that month. This value does not contain any additional contributions, such as Additional Pension or Faster Accrual, these must be recorded separately. The value should be provided in pounds and pence. Zero fill it not applicable (e.g. Opt Out).

Prototype Template

Field Name	Purpose
Additional Pension Contribution Amount	Standalone column to record any Additional Contribution amounts. The value should be provided in pounds and pence.
Faster Accrual Contribution Amount	Standalone column to record any Faster Accrual Contribution amounts. The value should be provided in pounds and pence.
AAB Buy-Out Contribution Amount	Standalone column to record any AAB Buy-Out contribution amounts The value should be provided in pounds and pence.
Preston Contribution Amount	Standalone column to record any Preston contribution amounts. . The value should be provided in pounds and pence.
Adjustment (Refunds and Backdated Pay)	2 new fields to record any contributions in respect of refunds or backdated pay awards.

Example

Prototype Template

Timescales

We have an internal working group in place who have produced project initiation documentation, identified work streams and are progressing a number of associated key deliverables.

Following the initial results of the contributions reconciliation pilot exercise we are currently finalising the project scope and costs before presenting to the DfE for approval.

Timescales for the project roll out have been discussed but are not yet finalised.

We must allow sufficient time for MDC 'phase 1' to be fully embedded before commencing this implementation. Additionally the internal and external development times required must be more accurately defined.

Taking these considerations into account there is the potential, for example, for roll out to commence in April 2019 through to a final on-boarding date of December 2020 (in order for all employers to be live by April 2021).

A shorter on-boarding roll-out window may also be considered as well as the ability to reduce the testing period prior to moving employers to live (i.e. those using approved provider solutions).

QUESTIONS