**Call-Off Schedule 20 (Call-Off Specification)**

This Schedule sets out the characteristics of the Deliverables that the Supplier will be required to make to the Buyers under this Call-Off Contract



**PURPOSE**

HM Treasury is seeking to appoint an external provider to administer payments to eligible With-Profits Annuitants from the Equitable Life Payment Scheme.

**BACKGROUND TO THE CONTRACTING AUTHORITY**

HM Treasury (HMT) is a ministerial department, supported by 16 agencies and public bodies.

HMT is the government’s economic and finance ministry, maintaining control over public spending, setting the direction of the UK’s economic policy and working to achieve strong and sustainable economic growth.

HMT is responsible for:

Public spending: including departmental spending, public sector pay and pensions, annually managed expenditure and welfare policy, and capital investment.

Financial services policy: including banking and financial services regulation, financial stability, and ensuring competitiveness in the City.

Strategic oversight of the UK tax system: including direct, indirect, business, property, personal and corporation tax.

The delivery of infrastructure projects across the public sector and facilitating private sector investment into UK infrastructure.

Ensuring the economy is growing sustainably.

**BACKGROUND & OVERVIEW OF THE REQUIREMENT**

The Equitable Life Payment Scheme was set up by Act of Parliament in 2010. Since 2011, it has made payments of around £1.3 billion to over 930,000 policyholders in respect of relative losses they suffered on their investments following maladministration in the regulatory returns of the Equitable Life Assurance Society between 1992-2000.

The majority of these payments were one-off lump sums. There is, however, a group of policyholders due a continuing annual payment for the remainder of the life of their annuities (generally the life of the policyholder) – the 1992-2001 With-Profits Annuitants (WPAs). This is a cohort of currently just over 20,000 policyholders, who are due a remaining total of around £250 million, based on actuarial estimates of life expectancy. They are currently paid an amount annually each May in arrears. The amounts to be paid have already been calculated for each calendar year on a sliding scale up to 2050. The total value of the May 2023 annual payroll was £23,639,452.94.

From 2011 until November 2016, the administration of payments from the Scheme was managed by National Savings and Investments (NS&I), an arms-length body of the Treasury. The service was outsourced in 2016 and an external provider has been managing the annual payments to WPAs since that time. HMT now needs to reprocure the service given the current contract is coming to the end of its term.

**definitions**

|  |  |
| --- | --- |
| **Expression or Acronym** | **Definition** |
| HMT | HM Treasury |
| ELPS | Equitable Life Payment Scheme  |
| NS&I | National Savings and Insurance  |
|  WPAs | With-Profits Annuitant |

**scope of requirement**

The Authority requires a service provider to:

receive, maintain and update the data of the WPAs, maintaining it in such a way as to;

* ensure accurate payments to the right policyholders; and
* ensure that the data can be used by The Authority in accordance with legal requirements.

Make an annual payment to the WPAs using pre-existing actuarial calculations (this is currently carried out annually in May), and make one-off payments to policyholders as appropriate;

Recover any overpayments made to individual policyholders or their estates as appropriate;

Receive and store, in a searchable format, the archived electronic personal and payment data of non-WPA policyholders; there is no requirement to update this data; maintain customer contact, including receipt of updated details including the decease of annuitants, dealing with the majority of queries and complaints, escalating queries and complaints to HMT as appropriate, ensuring sensitive treatment of correspondents as many will be making contact to provide information about a bereavement; provide reporting and management information to the Authority in agreed timeframes.

Data

The Service Provider shall receive in bulk the electronic data owned by the current provider in connection with the WPA cohort. The data shall include the personal and bank details of WPAs and the payments due to them up to 2050 and shall be supplied by the current provider in an open data format.

The Service Provider shall also receive electronic copies of relevant correspondence and documents for those cases where actions are in train on the date of transfer.

At the end of the contractual term, the Service Provider shall return the data to either the Authority or a new Service Provider in a format to be stipulated by the Authority at that time. This process may include some joint delivery or overlap with a further provider to facilitate smooth transition.

All storage and transfer of citizen or personal data (including policyholder records) shall be carried out securely and in accordance with the best practice laid down in the National Archives information management guidance.

The Service Provider shall store data in a way that can be interrogated to provide the information required by Authority in reports as required under these requirements.

The Service Provider shall maintain up-to-date contact information and payment information using any updated data that it receives from individuals, the Authority or other appropriate sources. Information that may need to be updated shall include but not be limited to the following circumstances:

• Death of Policyholder or other Payee;

• Application of new Power of Attorney or Court of Protection deputyship;

• Deregister of Power of Attorney or Court of Protection deputyship;

• Change of address;

• Gender change;

• Name change;

• Change of marital status; and

• Change of bank account details

The appropriate sources mentioned above shall be:

• Where a first annuitant dies and payment passes to a second annuitant, usually a spouse/civil partner/partner;

• Where another person gains a Power of Attorney/Court of Protection appointed Deputyship/DWP-appointed Appointeeship and thereby takes on responsibility for a policyholder’s finances in the event of loss of mental capacity;

• Where a policyholder dies and responsibility passes to their estate.

Where there is a change of circumstances provided by the policyholder or another authorised person, the Service Provider shall validate the new information such that it can assure the Authority that the updated information is correct and there is no possibility of fraudulent or mistaken payments, in accordance with industry standards.

In very exceptional circumstances, the Authority may provide details of a new WPA or other policyholder who for a very good cause missed the deadline for providing all information. Such individuals’ data shall be entered into the master database ready for payments to be made as appropriate. Such a case would give rise to an ad hoc payment as set out in requirement 6.2. The data will not require validation under requirement 6.1 as it will already have been validated by the Authority.

There is one small cohort of around 600 policyholders for whom the payment information requires updating. These updated figures are held by the Scheme’s actuaries. There will be a requirement to overwrite the payment amounts for each year going forward for each of these individuals, though no other details will require an overwrite. The personal and bank account information of these people is already in the system and will be up to date. No other payments need to be changed.

There will also be a requirement to hold, in a searchable format, the personal, bank account and payment data (i.e. all the same fields of data) for the non-WPA policyholders, as mentioned at Section 3, who have previously received a one-off payment. This cohort of circa 1 million people will not require updating and there will be no contact from them; this requirement is for a searchable data archive only

There is no requirement to store hard copies of any information.

**Payments**

Prior to each annual payment run, the Service Provider shall request from the Authority sufficient funds to make that payment run. The Service Provider shall also request additional funds as a float to enable it to make payments as necessary following annuitant decease during the year. The Service Provider shall retain no more than £5 million in the float.

The Service Provider shall make regular payments to WPAs of the values defined in the data received from the current provider. This payment shall be made annually in arrears. It is currently made in May.

On receiving information concerning the death of a policyholder (see requirement 6.1), the Service Provider shall make a single payment equal to a proportion of that policyholder’s notional annual payment for the current calendar year that is equivalent to the proportion of that year that (s)he had lived through since the previous regular payment.

Many WPA policies name a second annuitant to receive regular payments in the event of the death of the first annuitant. On being informed of the death of a policyholder who has named a second annuitant, the provider shall make a single payment to the estate of the first annuitant under requirement 6.2, and from the next regular annual payment date shall begin to pay the second annuitant in the amount set out in the payment data received from the current provider. The first payment to the second annuitant shall be prorated in an amount equal to the proportion of that year for which the second annuitant has been eligible for payments, i.e. since the death of the first annuitant.

The Service Provider may be required by the Authority to make very occasional one-off payments to other policyholders of whose details they have been informed in accordance with requirement 6.1.

The Service Provider shall make regular ad hoc payment runs (e.g. quarterly) for payments due under requirement 6.

In order to mitigate the risk of overpayments due to undeclared decease of annuitants, the current provider issues a letter to all annuitants two months prior to the annual payment date in May, prompting them to declare any change of details. This helpfully triggers annuitants to declare any changes of information and, most importantly, to report a death in time so that the next payment is not made and unnecessary overpayments are avoided. The Service Provider shall carry out a similar mitigating activity against this kind of risk – either a letter or some other equally effective measure that represents similar or better value for money.

By the time a second annuitant or an annuitant’s estate has reported the death of an annuitant through the channels outlined in requirements 6, an overpayment may have arisen because the provider was not informed immediately following decease. The Service Provider shall be responsible for liaising with the payee’s estate and recovering said overpayments.

This will need to consider sensitivities to the bereavement of surviving relatives. Complaints and claims of hardship concerning such recoveries shall be escalated to The Authority.

**Customer Contact & Engagement**

The Service Provider shall maintain an email address, which shall be available for annuitants, estates and other appropriate persons as stated in requirement 6.1.6 to communicate regarding the Scheme.

The Service Provider shall also maintain a postal address and be able to receive and reply to postal communications from annuitants, estates and other appropriate persons as stated in requirement.

If it leads to reduced costs, communications with annuitants, estates and other appropriate persons as stated in requirement 6.1.6 shall be “email by default” – i.e. if an individual writes to the scheme through the post but gives an email address, they can be replied to by email. Moreover, the Service Provider and the Authority shall give preference to email communication in correspondence with annuitants and in any publicity or web presence (to be hosted on gov.uk and not part of the present requirements).

The customer contact options offered by the Service shall take account of accessibility to this cohort of customers, given their (in general) advanced ages.

**Reporting**

The Service Provider shall supply reports to support the measurement and evaluation of the Scheme including:

• Payments issued, cashed, cancelled, reissued etc.;

• Email and post volumes and categories of correspondence, inward and outward;

• Response rates for correspondence, measured against service levels to be determined by the Authority in the ITT;

• Monitoring of expenditure and financial forecasts in defence of the requests to be made under requirement 6.2.9

This information shall be provided following each payment run as determined under 6.2.

The Service Provider shall provide ad-hoc reports for the duration of the contract to inform responses to information requests from the Authority, Freedom of Information requests, Subject Access, public correspondence received by the Authority or MPs, or otherwise as requested by the Authority.

The Service Provider shall provide electronic copies of the reports (requirements 6.1.4 to 6.1.5) and ad-hoc reports (requirement 6.1.4) to the Authority which can be exported to applications such as MS Excel to allow the Authority to interrogate and analyse the information.

**key milestones and Deliverables**

The following Contract milestones/deliverables shall apply:

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| --- | --- | --- |
| **Milestone/Deliverable** | **Description** | **Timeframe or Delivery Date** |
| 1 | Commence contact with current supplier on transfer of data | Within week 1 of Contract Award |
| 2 | Have securely transferred all relevant policyholder data and be able to take over active service | By 31/03/2023 |
| 3 | Issue reminder communication to policyholders under Requirement 6.2. | By 30/04/2023 |
| 4 | Successfully make next annual payment | By 31/05/2023 |

**MANAGEMENT INFORMATION/reporting**

Please see Section: Reporting.

The supplier shall provide the Authority with a quarterly service performance report to inform formal quarterly contract review meetings. Contents of the report will be agreed with the Authority in advance but shall provide details of KPI performance and payments and any income.

**volumes**

It is hard to predict precise volumes as this depends on the run-off rate in this ageing policyholder cohort. The total number of policyholders that were paid during the May 2023 annual payroll was 20,262 with a total value of £23,639,452.94.

**continuous improvement**

The Supplier will be expected to continually improve the way in which the required Services are to be delivered throughout the Contract duration.

The Supplier should present new ways of working to the Authority during quarterly Contract review meetings.

Changes to the way in which the Services are to be delivered must be brought to the Authority’s attention and agreed prior to any changes being implemented.

**SOCIAL VALUE**

The supplier shall seek to tackle economic inequality in line with Theme 2 of the [Social Value Model](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/940826/Social-Value-Model-Edn-1.1-3-Dec-20.pdf). The proposed solution shall address the Policy Outcome: Increase supply chain resilience and capacity.

**quality**

The Supplier shall ensure it complies with the quality assurance standards included in the overarching framework terms including, but not limited to, complying with ISO 22301 (or equivalent), ISO14001 (or equivalent), ISO27001 (or equivalent) and Cyber Essentials Plus.

**STAFF AND CUSTOMER SERVICE**

The Supplier shall provide a sufficient level of resource throughout the duration of the Contract in order to consistently deliver a quality service.

The Supplier’s staff assigned to the Contract shall have the relevant qualifications and experience to deliver the Contract to the required standard.

The Supplier shall ensure that staff understand the Authority’s vision and objectives and will provide excellent customer service to the Authority throughout the duration of the Contract.

 **service levels and performance**

The Authority will measure the quality of the Supplier’s delivery by:

|  |  |  |  |
| --- | --- | --- | --- |
| **KPI/SLA** | **KPI/SLA description** | **Target** | **Service Credit for each period** |
| 1 | Correct payments made to the correct policyholders | 100% at all times | 2% Service Credit gained for each percentage under the specified Service Level Performance Measure |
| 2 | Annual payments are made within one week of the date agreed between the Authority and the Service Provider (provisionally 1st full week May each year). | 100% at all times | 2% Service Credit gained for each percentage under the specified Service Level Performance Measure |
| 3 | Queries, changes of circumstances and other updates are replied to and updated accurately on the system within 20 working days of receipt by the Service Provider. | 98% at all times | 0.5% Service Credit gained for each percentage under the specified Service Level Performance Measure |
| 4 | IT and data security (ISO / Cyber essentials security standards met) | 100% at all times | 10% Service Credit gained for each instance of personal data security breach |
| 5 | Timely provision of the Services 09:00 to 17:00, Monday to Friday i.e. 5 days a week. | At least 98% at all times | 2% Service Credit gained for each percentage under the specified Service Level Performance Measure |
| 6 | Complaints handling in line with agreed timescales | At least 98% at all times | 0.5% Service Credit gained for each percentage under the specified Service Level Performance Measure |
| 7 | Management Information reporting in line with agreed timescales | At least 98% at all times | 0.5% Service Credit gained for each percentage under the specified Service Level Performance Measure |
| 8 | Accurate and timely billing of Customer | 98% at all times | 0.5% Service Credit gained for each percentage under the specified Service Level Performance target |

**Security and CONFIDENTIALITY requirements**

Suppliers must be able to demonstrate compliance with the [Government Security Policy Framework](https://www.gov.uk/government/publications/security-policy-framework) and that they have appropriate IT, physical, personnel and procedural security measures in place to prevent any unauthorised access to, or leakage of, data collected as part of this contract, and to prevent it being shared with any unauthorised third parties. Such security measures should comply with the requirements of the ISO27001 standard as a minimum and the Authority would wish to see evidence of that compliance, e.g., in the form of current ISO 27001 certification.

Any IT systems used by Suppliers to meet the authority’s requirement must comply with [National Cyber Security Centre (NCSC)’s 10 Steps to Cyber Security](https://gbr01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.ncsc.gov.uk%2Fguidance%2F10-steps-cyber-security&data=05%7C01%7CBenjamin.Kennedy%40ukgi.org.uk%7C3beccbce7fd14abcc8bd08dbeaac95cd%7Ced1644c505e049e6bc39fcf7ac51c18c%7C0%7C0%7C638361799186287533%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=i490j3O8luFvp%2B%2Ft4E%2Bo%2Bj%2BOfhkj4w7uUr4MuzEUU94%3D&reserved=0) and with the [NCSC’s Cloud Security Principles](https://gbr01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.ncsc.gov.uk%2Fguidance%2Fimplementing-cloud-security-principles&data=05%7C01%7CBenjamin.Kennedy%40ukgi.org.uk%7C3beccbce7fd14abcc8bd08dbeaac95cd%7Ced1644c505e049e6bc39fcf7ac51c18c%7C0%7C0%7C638361799186287533%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=ocB3tIK2NuFlV8PdDnRdQLTbuQjAlgpMbNH6FBWpWnE%3D&reserved=0). The Supplier should also hold [NCSC’s Cyber Essentials](https://www.ncsc.gov.uk/cyberessentials/overview) certification and provide the Authority with evidence of this.

Suppliers are expected to demonstrate they have appropriate physical security measures in place in any premises used to store/process the Authority’s data. As above such physical security measures should comply with the requirements of ISO27001 as a minimum. Any data centres used by the Supplier to meet the Authority’s requirement must hold current ISO27001 certification and be UK based.

Authority data should be handled by Supplier staff and subcontractors on a need-to-know basis.

Suppliers shall ensure that any suspected or actual security breaches related to authority’s data/information are reported to the authority immediately. Where any actual security breaches have been identified, Suppliers shall, as soon as reasonably practicable, provide to the authority a report setting out the details of the security breach, including an impact assessment, a root cause analysis and of the steps taken to address the breach.

Full compliance with the [Data Protection Act (DPA) 2018](https://www.gov.uk/data-protection/the-data-protection-act) and the General Data Protection Regulation (GDPR) is essential.

**payment AND INVOICING**

Payment can only be made following satisfactory delivery of pre-agreed certified products and deliverables.

Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs.

Invoices should be submitted to: **REDACTED TEXT under FOIA Section 40, Personal Information**

**CONTRACT MANAGEMENT**

Attendance at Contract Review meetings shall be at the Supplier’s own expense.

**Location**

The location of the Services will be carried out at the supplier’s premises, with meetings held at the Authority’s premises as uired.