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COMPTROLLER AND
AUDITOR GENERAL

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HM Treasury and National Savings and Investments

Administering the Equitable Life Payment Scheme

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HM Treasury and National Savings and Investments

Administering the Equitable Life Payment Scheme

Report by the Comptroller and Auditor General

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Amyas Morse
Comptroller and Auditor General
National Audit Office

22 April 2013

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This report looks at HM Treasury and NS&I's implementation of the Scheme to date, and whether the government will meet its targets. Our recommendations aim to improve the Scheme's performance during its final year.

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This report can be found on the National Audit Office website at www.nao.org.uk/equitable-life-2013

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Key facts

£1.5bn	1.46m	£57m
provision made to make payments to policyholders	total eligible policyholders	original budget to administer the Scheme

£577 million	value of payments made up to the end of March 2013
407,000	payments made to policyholders up to the end of March 2013
0.02	percentage of members of Group schemes to have received a payment
664,187	payments left to pay at the end of March 2013
17 to 20 per cent	estimated range of proportion of policyholders who will not be found, despite tracing attempted by the Scheme

Summary

1 The Equitable Life Payment Scheme (the Scheme) was set up by the government in 2011 to provide ex gratia[1] payments to policyholders of the Equitable Life Assurance Society (ELAS). Policyholders of ELAS had paid contributions into investments or pensions over the course of their working lives to provide them with retirement income. Many policyholders saw their investment or retirement income fall dramatically when ELAS had to close to new business. Policyholders included pensioners and beneficiaries of estates, some of whom made relative losses[2] on the income they thought they would have.

2 An investigation by the Parliamentary and Health Service Ombudsman concluded that regulatory failure was part of the reason for ELAS's failure. HM Treasury (the Treasury) was given powers to make just over a million payments[3] to policyholders by The Equitable Life (Payments) Act, which received Royal Assent in November 2010. Policyholders who made relative losses between September 1992 and December 2000 were eligible for payment and the 2010 Spending Review provided a cap of £1.5 billion to make these payments. The first £1 billion was provided for payments during 2011–2014, and the remaining £500 million was for payments from April 2014 onwards. This provision was only to make payments and not to cover the cost of administering the Scheme, which would be borne directly by the Treasury through its Parliamentary grant.

3 There are three main types of policyholders:

- **Annuitants** are those policyholders who had an annuity with ELAS. An annuity is a contract in which a consumer pays a firm a lump sum in exchange for a series of payments, usually annually. They were to be paid 100 per cent of relative losses as annual payments over the duration of their annuity.
- **Investors** are individuals who were paying contributions into ELAS investment funds, many of which were for personal pensions, when it closed to new business. They were to be paid 22.4 per cent of relative losses as a one-off payment.
- **Groups** refer to members who were paying contributions into an ELAS group pension scheme, through their employer. They were to receive the same percentage as Investors.

1 Ex gratia payments are payments made out of favour, without the giver recognising a liability or legal obligation.
2 Relative loss is the difference between the actual returns received, or expected to be received, from Equitable Life and the returns that would have been received if the investment had been made in a similar product with a comparable company.
3 In this report 'payments' refers to payments made to policyholders who are eligible for a payment under the rules of the Scheme who suffered a relative loss to their investment of over the threshold £10 minimum level. It does not include the contacts to eligible policyholders who did not make a relative loss or whose relative loss was below £10.

4 The Treasury engaged National Savings and Investments (NS&I) to be its partner to operate the Scheme. NS&I is an Executive Agency of the Treasury, and is best known for issuing Premium Bonds. NS&I outsource operations to ATOS, including those related to the Scheme. The contract between the Treasury and NS&I was set up under joint governance arrangements with a fixed fee for NS&I's management of the operations, and the operations invoiced for time and materials. The proposed overall budget for the Scheme was £57 million, £46 million of which was to cover NS&I's costs of paying out £1 billion during 2011–2014. A Programme Board, made up of representatives from the Treasury and NS&I, was set up to oversee the Scheme. Towers Watson, an actuary, was commissioned to calculate the individual payment amounts.

5 This report looks at the Treasury and NS&I's implementation of the Scheme to date, and whether the government will meet its targets. Our recommendations aim to improve the Scheme's performance during its final year. Our report does not consider the reasons why the Scheme was created, the decision on the amounts to be paid, or the appropriateness of the calculation used to determine each payment. This report also does not cover the additional provision made for payments in the 2013 Budget for policyholders who held policies before 1992. These payments will be made under a separate payment scheme which requires new legislation to be passed.

Key findings

6 The Treasury was tasked with a difficult challenge in setting up the Scheme. It had to set up a complex operation in a short period of time, with incomplete data, and there were many practical issues to overcome. By the end of March 2013, the Scheme had made 407,000 payments, totalling more than £577 million. This can be broken down into 90 per cent of Annuitants receiving their first payment and 75 per cent of Investors receiving their one-off payment (paragraphs 2.3 and 1.14).

7 The government's target of making the first payment by June 2011 was met, but this meant problems were experienced later on in the Scheme. In work we have previously undertaken on government compensation schemes,[4] we have found that such schemes can be difficult to set up and administer. To meet delivery targets, schemes need to be carefully planned, have in place the correct governance structures, strong contractual arrangements and appropriate systems. The Treasury had to establish the Scheme quickly so that the first payments could be made by June 2011 but, in so doing, failed to learn lessons from previous schemes of comprehensively planning the Scheme before making the first payment. In particular, the Treasury focused its early planning on developing policy and ensuring that the first payment was made by the deadline, rather than planning in detail how the Scheme would be provided. Also, providing the Scheme required investment in developing systems at NS&I, as the operations of the Scheme were a departure from its normal operations, and the time needed to do this was underestimated (paragraphs 2.2 to 2.4).

4 Comptroller and Auditor General reports, *The compensation scheme for former Icelandic water trawlermen*, Session 2006-07, HC 530, National Audit Office, June 2007 and *Coal Health Compensation Schemes*, Session 2006-07, HC 608, National Audit Office, July 2007.

8 **The Scheme has had to deal with significant data issues.** The data ELAS provided on the identity of policyholders was incomplete or out of date. This left the Scheme with the significant task of having to trace policyholders while also processing payments. Additionally, the payment amounts, calculated by Towers Watson, contained issues which led to delays as scheduled payments had to be postponed while these issues were rectified (paragraphs 2.8 to 2.10).

9 **Payments to policyholders have been delayed against the original plan.** In the initial plan, £500 million should have been paid out by the end of the 2011-2012 financial year. However, £168 million was paid out by this date. By June 2012, most Annuitants should have received their first payment, and 70 per cent had received their payment. There has been a delay in paying members of Group schemes, who make up 52 per cent of the population to be paid and equates to £187 million, where very few payments have been made so far. The delays experienced by the Scheme have led to dissatisfaction among some policyholders who also found responses to their queries and complaints, and the customer service more generally, to have been poor (paragraphs 1.15, 2.11 to 2.19).

10 **NS&I's operational costs have been increasing.** The operational costs are those costs which are spent on processing payments to policyholders, which also includes responding to queries, verifying identities and contacting eligible policyholders even if they are not due a payment. They do not include additional external costs or the costs of building the systems necessary to process the payments. These costs have generally increased month-on-month between December 2011 and March 2013 due to the activity involved in tracing policyholders. The number of payments NS&I has processed each month over this period has fallen (paragraph 3.9 and Figure 18).

11 **The original plan to prioritise estates and the older policyholders was changed.** Where NS&I were able to prioritise estates and older policyholders, they did. However, in many cases it was impractical for it to do so. This was because payments to estates were more complex to make, and because NS&I did not have complete data on policyholders, it was not able to prioritise the older ones (paragraph 3.2).

12 **Achieving the Scheme's objective to pay all policyholders that can be traced by the end of March 2014 is at risk.** The government had the objective to pay all policyholders of ELAS eligible under the Scheme's rules and to do this by March 2014. As at the end of March 2013, the Scheme has 664,178 payments, with a value of £370 million, left to pay. However, NS&I will not manage to trace everyone and is currently estimating that 7 to 9 per cent of Annuitants, and 18 to 20 per cent of Investors, will not receive payments. Overall, 17 to 20 per cent of all policyholders will not be found, despite efforts made by the Scheme to trace them. For the policyholders who will be traced there will be difficulties in making the remaining payments by March 2014 within the overall forecasted budget because (paragraphs 3.2 to 3.10):

- Some payments for the final year of the Scheme will take longer to process. For example, paying estates requires the Probate Office to provide information on 10,000 to 15,000 cases at a rate faster than they are currently able to do. Overall, NS&I will have to process cases at a faster rate than they have, on average, done so far.

- Only 35 per cent of payments have been made to date against a total population of 1,177,783, and 72 per cent of the budget has already been spent. This is because of the upfront payment of implementation costs, such as IT systems, as is normal for a project of this type. NS&I's current estimation of a £4.1 million overspend will need to be continuously monitored to ensure it is based on robust assumptions. The Treasury's current forecast is that overall there will be only a £1.5 million overspend, as its costs will be lower than the original budget. However, there is a risk of this increasing further.

Conclusion

13 The Scheme was set up to provide payments to just over one million policyholders of ELAS who lost some of their expected retirement income. However, 17 to 20 per cent of policyholders will never receive any payment since they cannot be traced. Many of the 80 to 83 per cent who will receive payment, have now been paid, and others will be paid before the closure of the Scheme in April 2014. The Treasury and NS&I have had problems in processing some payments, which have caused delays and other problems for some policyholders. As the volume of remaining payments is relatively large to make by the time the Scheme closes, and there are a number of risks in getting the information to process them, the Treasury and NS&I may find it hard to make these payments by April 2014 given the scale of the challenge.

Recommendations

14 **The Treasury, with NS&I, should use the lessons they have learnt during the running of the Scheme to construct a new plan to ensure that all policyholders, who can be traced, receive payments within a reasonable timescale.** This plan should use information on the length of time and cost to process payments, and should:

- Set out a more realistic timetable and budget, based on robust estimations, to provide the remaining payments. The Treasury and NS&I should be prepared for the Scheme costs to run over budget and need to consider a balance between making cost savings, and continuing to improve service quality.
- Outline how NS&I will deal with the large number of remaining payments, including those that may be more difficult to process, that now need to be made. NS&I should provide the Treasury with more details of how it intends to make the remaining payments over the next 12 months.
- Consider further how to trace the maximum number of policyholders to provide the greatest number of payments that is possible. As NS&I are anticipating that 17 to 20 per cent of policyholders will not be traced, the Treasury should consider alternative cost-effective approaches for tracing that could be employed.

15 **NS&I should continue to improve customer service quality.** Following problems at the beginning of the Scheme with customer service, NS&I has taken a number of steps to improve, including developing more bespoke letters. It should continue to monitor customer service quality and find ways to improve for the final year of the Scheme and report plans and improvements to the Treasury.

Part One

The Scheme and its operational performance

1.1 This part of the report explains the history of HM Treasury (the Treasury) creating the Equitable Life Payment Scheme (the Scheme), outlines its rules and sets out its performance to date. It discusses:

- why policyholders of Equitable Life Assurance Society (ELAS) incurred losses;
- the rules of the Scheme including the different policy types to be paid and what level of payment they would receive;
- how the Scheme was going to be implemented, and how it would be funded; and
- how the Scheme has performed to date.

The Equitable Life Assurance Society

1.2 ELAS was established in 1762 to offer life assurance products. It introduced its first pension product in 1902. A standard feature of its pension products was an option to obtain an annuity at a guaranteed rate – a Guaranteed Annuity Rate (GAR). An annuity is a contract in which a consumer pays a firm a lump sum in exchange for a series of payments, usually annually. By the 1990s, the GAR ELAS offered was too high, as this cost 25 per cent more than if it had paid out against the average rate in the annuity market at the time. In 1994, ELAS took action to limit its liability by reducing the final bonuses paid on these policies. Policyholders took objection to this and complained to the Personal Investment Authority Ombudsman. The Ombudsman sought a legal judgment in September 1999, but the High Court ruled in ELAS's favour. This was reversed by the Court of Appeal in January 2000. This decision was subsequently upheld by the House of Lords, which found that ELAS had acted unlawfully and was therefore required to stop reducing final bonuses paid on policies.

1.3 ELAS was not insured against losing the case, and had no other way of paying the immediate increase of £1.5 billion in its long-term liabilities; it was forced to put itself up for sale. Subsequently, investors were told their savings had been reduced by 16 per cent, and 50,000 annuitants suffered a 20 per cent reduction in income. According to Sir John Chadwick, a former judge commissioned to investigate the causes of ELAS's failure, the relative loss[5] experienced by ELAS policyholders was estimated to be £4.3 billion.[6]

5 Relative loss is the difference between the actual returns received, or expected to be received, from Equitable Life and the returns that would have been received if the investment had been made in a similar product with a comparable company.

6 The Office of Sir John Chadwick, *Advice to Government in relation to the proposed Equitable Life payment scheme*, July 2010.

The Equitable Life Payment Scheme

1.4 In 2008, the Parliamentary and Health Service Ombudsman completed a four year investigation into the reasons behind ELAS's failure. The report accused the regulatory bodies and the Government Actuary's Department of comprehensive failure and called for a compensation scheme. Following a series of recommendations from Sir John Chadwick, and considerable pressure put on the government by policyholders, the Equitable Life (Payments) Act received Royal Assent in November 2010. This gave the Treasury the power to provide payments[7] for just over a million policyholders. In the 2010 Spending Review, provision of £1 billion was made to make payments over the period of the Spending Review, and provision of a further £500 million to make annual payments to Annuitants after April 2014.

1.5 The Treasury designed the Scheme around the principles of fairness, transparency and simplicity, drawing on advice from a range of sources. The Scheme would pay policyholders who suffered relative losses[8] for policies bought between September 1992 and December 2000. This was the period in which regulatory failure was deemed to have occurred. There are three main types of policyholders (**Figure 1**).

1.6 The Independent Commission on Equitable Life Payments (the Commission) was set up in November 2010 by the government to recommend how best to allocate funds to Investors and to advise on whether any persons should be paid as a priority. The Commission made four recommendations in its final report in January 2011, which the Treasury included in the Scheme design. These were:

- to allocate the money available in proportion to the size of relative losses;
- where possible, to offset relative gains against relative losses where policyholders held multiple policies;
- to have a minimum amount, in the region of £10, below which payments should not be made; and
- to prioritise, where practical, the oldest policyholders, as the least able to wait for payment, and the estates of deceased policyholders, so not delaying beneficiaries receiving payments when they might be most vulnerable.

7 In this report 'payments' refers to payments made to policyholders who are eligible for a payment under the rules of the Scheme who suffered a relative loss to their investment of over the threshold £10 minimum level. It does not include the contacts to eligible policyholders who did not make a relative loss or whose relative loss was below £10.

8 The methodology used to calculate losses is explained in The Equitable Life Payment Scheme Design, Annex A, May 2011, available at: www.hm-treasury.gov.uk/d/equitable_life_payments_scheme_main_doc_160511.pdf

Figure 1
Policyholder types in the Scheme

Type	Description	Payment arrangements
Annuitants	Policyholders who hold a with-profits annuity, and are therefore unable to transfer their money.	Individuals to be paid 100 per cent of relative losses in annual instalments for the rest of their lives.
Investors	Policyholders who were paying contributions into either a conventional with-profits (CWP) policy or an accumulating with-profits (AWP) policy.	Individuals to be paid 22.4 per cent of relative losses in a lump sum, one-off payment.
Groups	Members who were paying contributions during the eligibility period into a Group pension scheme, through their employer.	Members to be paid 22.4 per cent of relative losses in a lump sum, one-off payment.

NOTES
1 With-profits annuity: This policy provides an annual payment on retirement and an additional percentage bonus based on the value of investments purchased by the annuity.
2 Conventional with-profits policy: A policy where the holder makes contributions and the insurance company provides annual bonuses, based on a share of the fund's profits, to increase the value of the plan.
3 Accumulating with-profits policy: Also referred to as unitised with-profits. A policyholder purchases units of a fund, and unit prices increase in line with bonuses declared. Bonuses are based on the fund's profits.

Source: National Audit Office

1.7 The Treasury is responsible for the administration and policy decisions for the Scheme. It appointed a delivery partner, National Savings and Investments (NS&I), to be responsible for issuing payments and managing contact from policyholders. All NS&I operations are outsourced to ATOS, an international company which provides consulting and technology services, systems integration and managed services. ATOS is the eighth largest provider of outsourced services to central government. The Treasury appointed the actuary firm Towers Watson to conduct the payment amount calculations and provide the individual payment values to NS&I for it to make payments.

1.8 In total 1,458,783 ELAS policyholders were covered by the rules of the Scheme. Of these policyholders, a proportion would not be entitled to a payment, either because their payment amount did not exceed £10 or because they were deemed to have made a relative gain, rather than a relative loss. The Treasury set out that these policyholders should also receive a letter and statement setting out that they would not be receiving a payment.

1.9 The first payment was to be made by June 2011. For Investors and Groups, the Scheme is set to close in April 2014. This will mean that if NS&I has not found a policyholder by this point, or a policyholder has not approached NS&I, then they will not receive their payment. The Treasury intends that the Scheme will continue to pay the Annuitants, over the course of their lives in annual payments.

Governance arrangements

1.10 There were a number of boards set up to oversee the administration and costs of the Scheme. The Programme Board, which first met in April 2010, provides strategic direction and high-level programme assurance, and includes members from the Treasury, NS&I and three non-executive directors. The role of the Board is to monitor progress against high-level objectives, and delivery to time, cost and quality. Reporting to this Board is the Operational Delivery Board which is a tri-partite group consisting of members from the Treasury, NS&I and ATOS. It is responsible for overall progress against the programme plan including milestones, dependencies, risks and issues. Under this, is the tri-partite Programme Management Office that coordinates input from a number of working groups, which focus on specific operational challenges, and escalates any necessary issues upwards.

Cost of delivering the Scheme

1.11 The costs of administering the Scheme are funded through the Treasury's Parliamentary grant and not from the Scheme's payment provision. The total proposed cost of the Scheme was £57 million. **Figure 2** outlines the proposed costs which provide the baseline against which to evaluate performance.

1.12 Of the total budget, £46 million was designated for NS&I to provide payments. NS&I's costs are split between £14 million for implementation (such as developing the means to release payments) and £32 million for operational costs (the costs of processing payments, including tracing addresses and responding to policyholders) based on assumptions made at that time. Originally, it was proposed that the implementation budget would be spent between April and December 2011. NS&I did not complete the implementation work within this time frame and systems are still being developed. This is discussed further in Part Two.

Figure 2
Original Scheme budget

Cost description	Budget (£)
NS&I implementation	14,000,000
NS&I operations	32,000,000
NS&I total	**46,000,000**
Deloitte	1,620,000
Equitable Life	405,000
Towers Watson	1,800,000
Actuarial Provider (three year recalculation)	5,400,000
Programme Management Office (Treasury staff)	804,000
Prudential	150,000
Contingency (20 per cent)	1,453,000
Total Scheme costs incl NS&I	**57,632,000**

NOTES
1 Equitable Life were paid to provide data to the Scheme.
2 The cost shown for Towers Watson covered the work in the setting up of the Scheme. The costs for the actuarial provider were for actuarial services provided during the course of the Scheme.
3 Prudential bought some of the policies from ELAS when it put itself up for sale. They were paid to provide policyholder data.

Source: HM Treasury

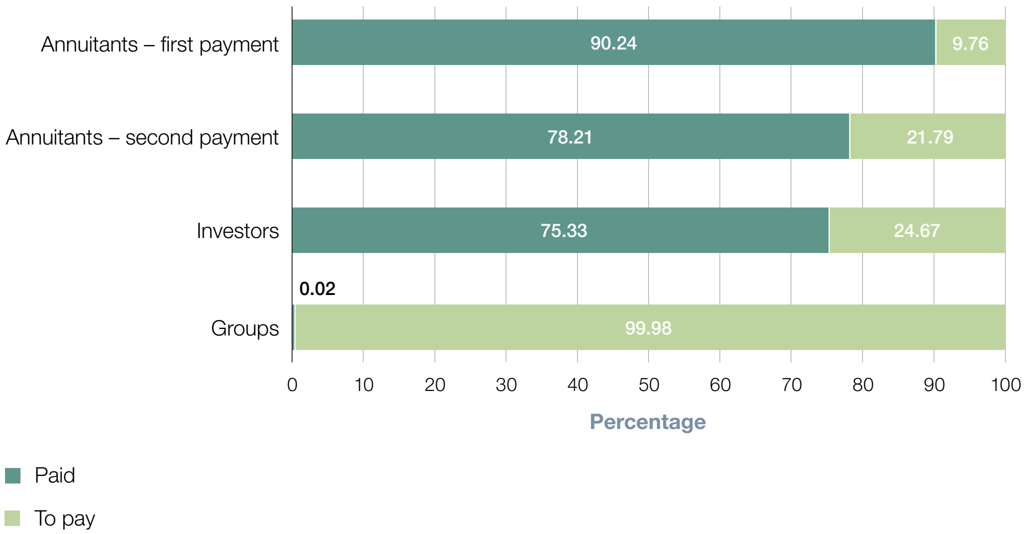
Operational performance of the Scheme

1.13 NS&I met the deadline to make its first payment by June 2011. However, the number of payments made was lower than had been initially planned. The government undertook that by June 2012, all Investors would receive a letter informing them of their eligibility for a payment, and how much this payment would be and most Annuitants would receive their first payment. By this date, 80 per cent of Investors that could be traced had been contacted by this time and 70 per cent of Annuitants had received their first payment. This undertaking could not be fully met due to data issues (discussed in Part Two). The Treasury and NS&I sent out a holding letter to all policyholders informing them of their eligibility for payment, and stating that they would be contacted by April 2013 to arrange payment, but could not include the payment value due to the data issues. Policyholder action groups reported this caused confusion for some policyholders who had already received their payments and, for the remainder, because it provided no details about payment times or amounts. **Figure 3** overleaf shows that, as at the end of March 2013, 22 per cent of Investors were still awaiting payment and 10 per cent of Annuitants were yet to receive their first payment.

Figure 3

Payment progress by different types of policy as at 31 March 2013

Progress has been made in paying Annuitants and Investors, however little has been made in paying members of Group schemes



NOTES

1 Figures of payment volumes from Payment Plan dated 31 March 2013.

2 Groups schemes, includes both Defined Contribution and Defined Benefit groups. All DB groups have received payments however, the number of these schemes is very small.

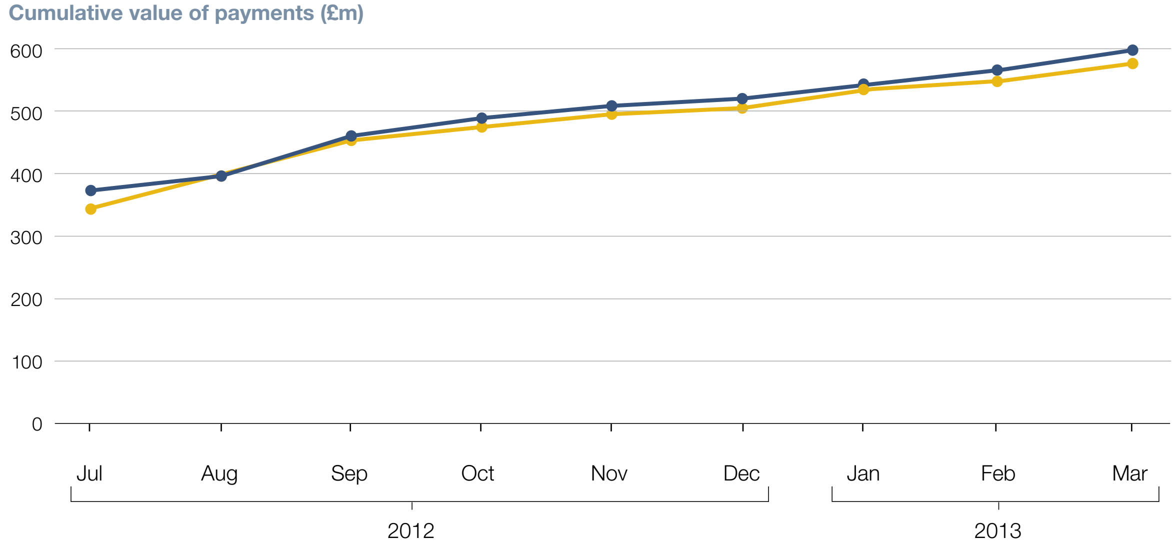
3 This figure does not include contacts to policyholders who are not due a payment as they made a relative gain or as their relative loss was below the £10 minimum payment amount.

Source: National Savings and Investments Payment Profile

1.14 The original plan was to pay out £500 million by the end of 2011-2012 financial year, however only £168 million was paid out by the end of this period. Due to some of the issues with making payments (discussed in Part Two), NS&I informed the Treasury that it was working towards a new plan of paying £550 million by January 2013. This was later revised down to £525 million. By January 2013, the Scheme had paid out £535 million, a 10-month delay from the original target. **Figure 4** shows the performance of the Scheme against the current plan between July 2012 and March 2013. By March 2013, the Scheme had made 407,000 payments, totalling £577 million, and contacted 60,074 policyholders who are not due a payment under the Scheme's rules.

Figure 4
Payment figures against most recent plan as at the end of March 2013

The Scheme is running behind its most recent plan



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Planned cumulative payments	372.8	395.6	460.0	488.8	508.8	520.0	543.2	567.0	598.0
Actual cumulative payments	343.9	398.2	453.5	474.5	495.4	504.9	535.0	549.0	577.0

NOTE

1 Plan from January 2013 – updated planned payments from previous version November 2012.

Source: National Savings and Investments Payment Profile and Management information

Part Two

Reasons for delays

2.1 This part discusses why the Scheme has not delivered in line with its target and why a number of policyholders are dissatisfied. It discusses:

- how HM Treasury set up the Scheme and how the partnership between the Treasury and National Savings and Investments was established;
- the data issues the Scheme has dealt with during the course of its operations; and
- the customer service provided by NS&I.

Set up of the Scheme

2.2 NAO reviews into previous government compensation schemes[9] reported that detailed planning up front and reviewing the quality of the evidence available were important factors for the success of a scheme. Therefore, in order to provide the payments in the most effective way, we would have expected to see planning in advance of the Scheme being announced. **Figure 5** outlines the development of the Scheme.

2.3 Due to uncertainty about whether the Scheme would proceed, and the form that the Scheme would take, early planning concentrated on the policy rather than how the Scheme would be delivered in practice. Once the Scheme was announced, the political commitment to make payments by June 2011 limited the time available for planning the Scheme. Although the Treasury began engagement with NS&I in August 2010, and received assurance from NS&I that its systems were suitable for making payments to policyholders, a large amount of development work was required. The Treasury requested that NS&I piloted a set of payments in March 2011, but NS&I replied that this would reduce the time available for planning and risked delaying payments until after the June 2011 deadline.

9 Comptroller and Auditor General, *The compensation scheme for former Icelandic water trawlermen*, Session 2006-07, HC 530, National Audit Office, June 2007; Comptroller and Auditor General, *Coal Health Compensation Schemes*, Session 2006-07, HC 608, National Audit Office, July 2007.

2.4 The Treasury and NS&I signed a Memorandum of Understanding in May 2011 which formed the contract between the two parties. Due to the fast timetable they had to make the first payment by June 2011, the Memorandum of Understanding did not include a detailed plan of how payments were to be made over the course of the Scheme. The lack of a plan resulted in the Treasury requesting a series of changes to the systems which NS&I had to respond to. However, NS&I did not give the Treasury detailed cost information for various options in response to these change requirements and the Treasury could, therefore, not make fully informed decisions.

Figure 5
Timeline of Equitable Life Payment Scheme

Date	Event
July 2008	Parliamentary and Health Service Ombudsman report
January 2009	Sir John Chadwick commissioned to produce a report
May 2009	Towers Watson appointed to provide actuarial advice to Sir John Chadwick
2010	
May	Coalition government formed
July	Report of Sir John Chadwick published
August	Weekly engagement between the Treasury and NS&I begins
October	Spending Review sets aside £1.5 billion for payments to ELAS policyholders
November	Equitable Life (Payments) Act achieved Royal Assent
	NS&I was named in the Act as the Treasury's delivery partner
2011	
January	Independent Commission on Equitable Life Payments report published
February	Data specifications agreed with NS&I
March	ELAS data transferred to NS&I
May	Design of Equitable Life Payment Scheme published
	Memorandum of Understanding signed between the Treasury and NS&I
June	First payment
October	Towers Watson reappointed to provide actuarial services for the Scheme

Source: National Audit Office

2.5 The contract was based on NS&I outsourcing the operations of the Scheme to ATOS. The Treasury wanted the contract to be agreed at a fixed price, with elements of incentivising arrangements such as milestone payments, as this would have mitigated the risk of the Treasury experiencing unforeseen costs. However, NS&I felt that the requirements provided by the Treasury were not suitably detailed. NS&I would therefore have had to factor in a large risk premium as NS&I's contract with ATOS is based on a time and materials charging mechanism. Subsequently, the Treasury agreed a fixed management fee with NS&I and for operations to be charged on a time and materials basis. Both parties wanted to keep the costs as close to the original estimate as possible, and both the Treasury and NS&I were equally responsible for controlling the costs and improving processes.

2.6 The charging mechanism involves only relatively weak incentives for costs to be controlled, so the way that costs are monitored is critical to ensuring that good value is obtained. The Treasury's internal audit reviewed the arrangements in December 2012 and concluded that 'NS&I were unable to demonstrate that they performed effective quality assurance checks to verify the data being reported to them as being correct, accurate and in-line with the contract held between the Treasury and NS&I. We found that there was an element of trust from NS&I on the information prepared by ATOS.' NS&I has accepted this finding and have committed to developing more robust arrangements. These arrangements include checking the monthly management information for accuracy and consistency prior to it being issued to the Treasury.

2.7 The governance structures set at the beginning of the Scheme, were found by an independent consultant to be ineffective at dealing with the change requirements and operational challenges the Scheme faced. In addition, there has been friction in the relationship between the Treasury and NS&I. The governance arrangements were updated in July 2012 following the independent consultant's report. The new arrangements aimed to enhance effectiveness by reducing duplication of members within boards and to decrease the issues that were escalated up to the Programme Board, allowing this board to focus on the strategic perspective. The Treasury and NS&I have also set up working groups to respond to specific problems and look more at the operational detail.

Data issues with payments to individuals

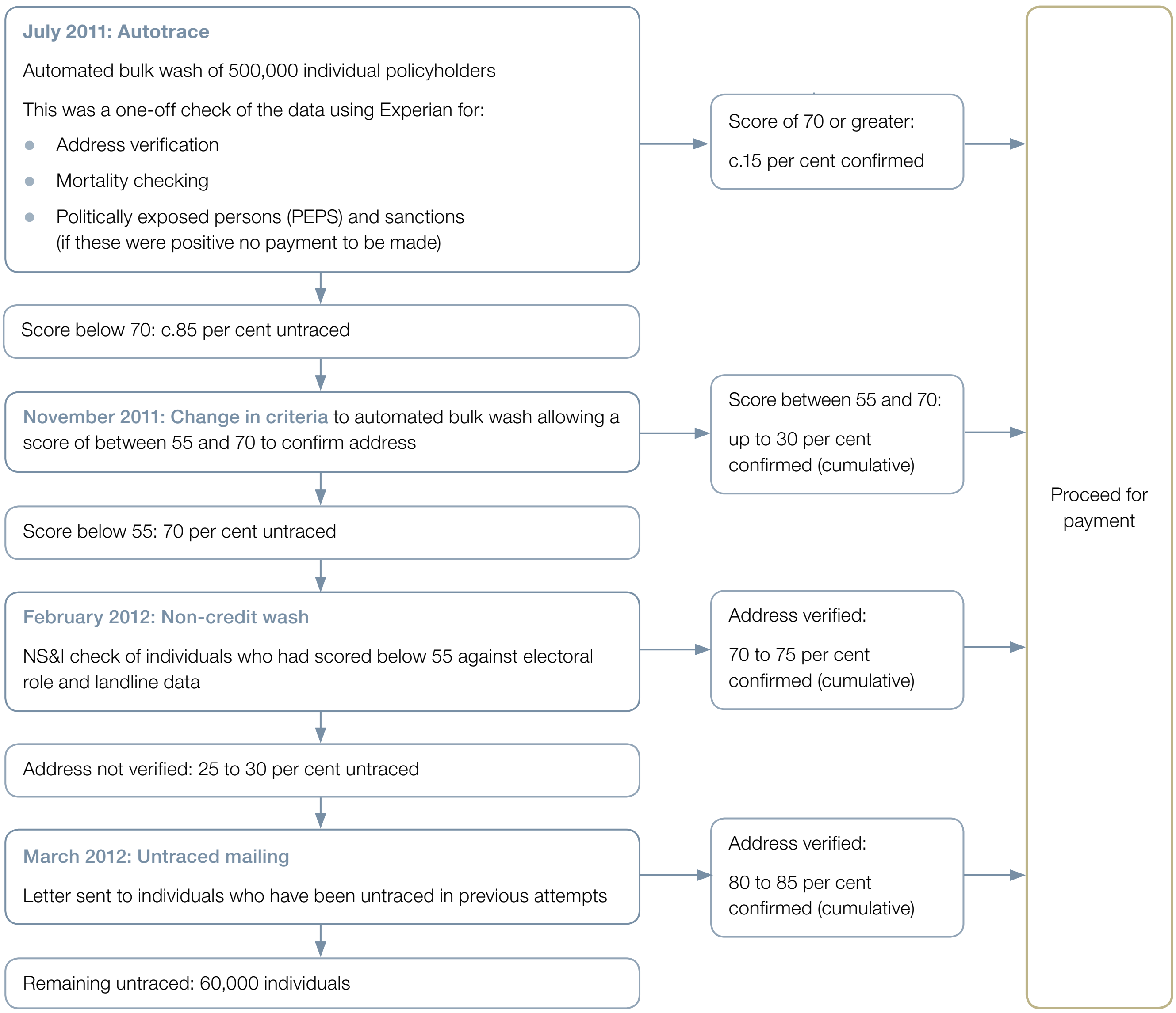
Policyholder information

2.8 The data that ELAS provided for individual policyholders was, in some cases, up to 20 years out of date or incomplete, for example, missing or inaccurate names or addresses. Approximately 20,000 to 30,000 records contained inaccurate data that required additional development work and caused delays in loading the data on to NS&I systems, and subsequently payments being processed.

2.9 As set out in the Memorandum of Understanding, NS&I was required to verify policyholders' addresses before issuing payments. This process of tracing individuals involved a number of complicated steps (see **Figure 6**) which were refined over time. Initially, NS&I's tracing process used the credit agency Experian to verify addresses against credit-scoring databases. However, the population of policyholders did not score highly against these databases as there were a low number of recent records of credit applications. The Treasury therefore took the decision to lower the score needed to achieve more matches and requested NS&I conduct checks against the Electoral Roll and landline databases. This confirmed a larger number of policyholders' addresses.

Figure 6

The challenges of the process of tracing individuals



Source: National Audit Office analysis

Payment values for individuals

2.10 Issues were identified in some of the payment data provided by Towers Watson which resulted in payments being postponed until the data issues could be resolved. This required the original amounts to be overwritten with the correct amounts. Additional problems were encountered with the replacement data that increased the number of corrections files required substantially. Each additional correction file added a substantial delay in processing payments. The additional development work which was required, along with some miscommunication between the parties, caused delays in loading the data on NS&I systems and subsequently to payments being processed.

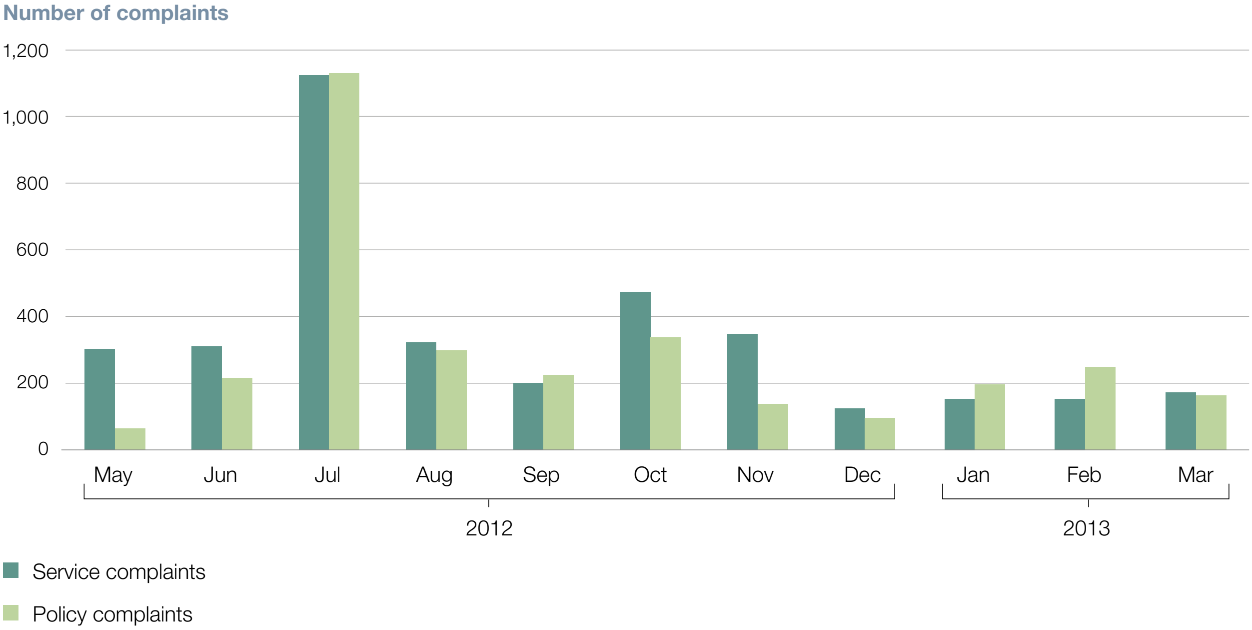
The effects of the delays on policyholders

2.11 As at March 2013, NS&I had successfully made 407,000 payments to policyholders and has received 6,781 complaints from policyholders, including complaints from those who are awaiting payment. **Figure 7** shows that the level of complaints from policyholders, to which NS&I has needed to respond, has remained fairly consistent over time. There was a spike in complaints received in July 2012 directly after NS&I sent a bulk mailshot to policyholders, which policyholder action groups reported caused some confusion. NS&I splits complaints into two categories: Service complaints include those about delays, receiving incorrect information, lost or damaged documents, and complaints about the helpline; and Policy complaints include those about eligibility in the Scheme, and calculation amounts.

Figure 7

The number of complaints received by NS&I from May 2012 to March 2013

There was a peak in the number of both service and policy complaints in July 2012



Source: National Savings and Investments

2.12 There have been a number of member action groups representing policyholders. There are two main groups that are still active, the Equitable Members Action Group (EMAG) who represent Investors, and the Equitable Life Trapped Annuitants, who represent Annuitants. The views of these groups' members do not necessarily represent all policyholders as the proportion of complaints compared with the number of eligible policyholders is low. However, they do report regularly on issues arising from their member's contact with the Scheme. These groups told us the main issues they had included delays in receiving payments and a lack of detail, as well as errors, in the letters members have received.

2.13 This feedback is consistent with the complaints data collected by NS&I. **Figure 8** shows the types of complaints that were received between May 2012 and March 2013. Of the complaints received, the largest proportion related to delays in receiving documentation or information, the method used to calculate payments, the length of time taken to receive a payment, and errors in information provided to policyholders.

Figure 8
The type of complaints received between May 2012 and March 2013

Complaint category	Number	Per cent
Delay in receiving documents or information	1,618	24
Unhappy with methodology or rules of the Scheme	1,087	16
Unhappy with timescale for payment	1,212	18
Errors in name, address or details	698	10
Helpline	710	10
Eligibility	431	6
Requirements for proof of identity	331	5
Incorrect calculation	365	5
Lost or damaged documents	121	2
Other	208	3
Total	**6,781**	**100**

NOTE
1 Percentages do not add up to 100 due to rounding.

Source: National Savings and Investments

2.14 Policyholders also reported that NS&I was not able to answer all queries satisfactorily. They have received standard letters which led to prolonged correspondence, while still not receiving any payment. An example is outlined in **Figure 9**.

2.15 NS&I used letter templates to respond to policyholders which, on occasion, did not address the specific issues raised or give the individual all the details they sought. In line with the Financial Ombudsman Service definition, NS&I labels all contact from policyholders expressing dissatisfaction as a complaint, even if these individuals were merely asking for more information about their payment. The Treasury has assisted in the complaints handling process by providing guidance and training. As a result NS&I established, in December 2012, a queries handling team and developed more bespoke letters with the aim of addressing policyholders' queries more effectively. As part of the Treasury's original plan, NS&I proposed to develop a policyholder facing portal through which policyholders could test their policy number as to whether they were eligible for payments. However, this was implemented using a helpline rather than an online option as it was less expensive and easier for policyholders to access.

2.16 NS&I was set service level agreements in the Memorandum of Understanding with the Treasury, which provided targets against which performance would be measured. **Figure 10** shows that, although NS&I met the majority of its targets, the targets that it has not met relate to its performance responding to policyholders queries and dealing with complaints, which is consistent with the feedback provided by policyholders.

2.17 The Treasury set up an Independent Review Panel (the Panel) to escalate those complaints where the policyholder feels that NS&I's complaint handling team does not offer an adequate resolution or where there are grounds that the Scheme rules may have not been appropriately applied to the calculation of the payment or the identification of the correct recipient of the payment. However, some policyholders found it confusing when the communication from NS&I's complaints handling team made them aware of the Panel, as is required of them by the Panel's terms of reference, which included providing them with a referral number, before they had been given the information they had requested, or had their complaint resolved by NS&I (**Figure 11**).

Figure 9
Not dealing with queries

An Annuitant asked NS&I what would happen to his payments if he died. NS&I sent a number of generic letters which did not specifically answer his question. After more than four months, the policyholder was still waiting for an answer to his question.

Source: Equitable Members Action Group

Figure 10
NS&I performance against service level agreements between November 2011 and March 2013

Process	Target (%)	Average performance (%)
Payments and payment correspondence	97 (accurate)	98
Customer queries and change of circumstance	97 (respond to within 3 to 11 working days)	75
	97 (replies to deal with query)	97
Customer queries to call centre	90 (answered within 20 seconds)	98
	99 (availability of call centre during opening hours)	99.82
Customer complaints	100 (respond to within 40 working days)	89
	97 (replies to deal with complaint)	96
	0.1 (upheld complaints not to exceed)	0.5
Delivery of standard reports	100 (to the Treasury on date required)	100
	100 (accurate)	100
Delivery of one-off reports	100 (accurate)	100
Responding to third parties	95 (respond within 3 working days)	100
	100 (respond within 7 working days)	100
	99 (accurate)	100

Source: National Savings and Investments

Figure 11
The problem with referring to the Independent Review Panel

An Investor asked NS&I whether one of his policies was eligible for a payment. A while later, NS&I responded with a 'final response' but did not specifically answer his query. After a series of letters, again asking for his query to be answered, NS&I sent another 'final response' that again did not answer the policyholder's question and tried to refer him to the Panel. The Investor felt fobbed off, and did not want to be referred to the Panel until his initial query was dealt with satisfactorily.

Source: Equitable Members Action Group

2.18 A small number of policyholders also raised with us the lack of transparency about how the calculations of payment values have been made, which has been frustrating for some policyholders (**Figure 12**). The Treasury considered the cost of providing policyholders with their detailed bespoke calculations to be prohibitive. This is because the model built by Towers Watson to calculate payment values is automated to ensure the process is efficient. This means that the model produces only the final payment value as its output, and not an output at each stage of the calculation. The model was peer reviewed by an independent expert panel of actuaries to quality assure the calculations. To provide policyholders with detailed information regarding their payment values would require each calculation to be recreated manually and the cost of this would be high.

2.19 The Treasury concluded that providing only the key information would be proportionate and that they would refer policyholders to Annex A of the Scheme design for an explanation of the calculations. The Treasury has set up a 'Recalculation Panel' to look at those cases where there is proof that the data used for calculating the payment amount was wrong. This process also does not give the policyholder details about the calculations process.

Figure 12
Transparency about calculations

An Annuitant wrote to NS&I to question his relative loss calculation. In particular, he questioned how the Scheme could calculate that he had made a relative gain when EMAG had supplied evidence that he had made a loss, using the criteria outlined in the Scheme Technical Annex. The Annuitant believed that if the Scheme had more accurate data than his own then they should share this with him along with an explanation about how the calculation was made. The Annuitant found it beyond credibility that the Scheme could not provide worked examples but was told that the calculation was too complicated to explain. The Annuitant therefore asked for the underlying data used in the calculation. When the Annuitant finally received the data, a year after first contacting NS&I, he found that it did not include all the payments he had made.

Source: Equitable Members Action Group

Part Three

Meeting the Scheme's objectives

3.1 HM Treasury are intending to close down the Scheme by April 2014. This section discusses whether the Scheme will deliver by this date. Specifically it discusses:

- the remaining population yet to pay, and the speed at which these payments need to be processed;
- the key challenges to processing these payments;
- the effect on the overall costs of the Scheme; and
- plans for the close-down of the Scheme.

Making the remaining payments

3.2 The payments left to be made are those that require additional steps in the process, for example, using the Probate Office to gain additional information so that payments can be made to the estates of deceased individuals or collecting information from trustees to identify members of Group schemes. As there are such additional steps in the process, these present additional risks that payments will not be provided, or queries resolved, by the close-down of the Scheme in April 2014. These payments with additional steps have been left until later in the Scheme as NS&I and the Treasury were tied into deadlines for issuing first payments and therefore concentrated on processing the individual payments for which data was more readily available. This resulted in the original prioritisation of payments suggested by the Independent Commission on Equitable Life Payments not being practical and therefore not followed. **Figure 13** overleaf shows the remaining population left to pay. As at March 2013, there were still 664,187 payments left to process, of which 547,000 are payments to Group scheme members. In addition, the Scheme also has 46,531 contacts to individual policyholders who are not due a payment left to process.[10]

3.3 Making these payments presents a number of challenges and risks for the Treasury that need to be overcome for the Scheme to achieve its objectives. **Figure 14** on page 27 summarises these challenges.

10 Group scheme members who are not due a payment as they have not suffered a relative loss or their relative loss was below the £10 minimum payment amount will not be contacted individually by the Scheme. These policyholders will be contacted by the trustees of their Group scheme.

Figure 13
The population left to pay at March 2013

Type	Volume of Annuitants	Value (£)	Volume of Investors	Value (£)
Group schemes	–	–	546,929	178,326,798
Death claims	998	2,185,346	13,317	24,525,060
Change of details	75	109,469	1,531	3,036,977
Untraced policyholders	305	703,475	70,795	96,843,392
Towers Watson data to be updated by National Savings and Investments	12	37,540	949	3,682,172
Foreign currency payment	197	271,390	8,976	11,072,455
Blocked	508	952,525	3,859	10,658,593
No country code	40	93,117	288	787,236
Foreign address	790	1,352,278	7,106	9,643,772
Other	705	1,066,269	6,807	27,972,840
Total	**3,630**	**6,771,409**	**660,557**	**366,549,295**

Source: National Savings and Investments

Delays in tracing Group schemes

3.4 Delays in tracing members of Group schemes have meant that making these payments represents a significant risk in the final year of the Scheme. Tracing members has been difficult because the information provided by ELAS on Group schemes did include a scheme name, but the vast majority did not include information about members. However, ELAS did provide NS&I with details for some of the trustees or administrators of these schemes. In line with the Memorandum of Understanding, NS&I used this information to obtain addresses of members directly from the Group scheme trustees or administrators.

3.5 For the remaining Group schemes, NS&I has had to find alternative ways of tracing the members. One way has been to get the details of trustees from the Pensions Regulator, who is responsible for regulating the group pension schemes. Although this was only useful for a small number of the Group schemes NS&I needed to trace, the Pensions Regulator holds the most accurate contact details for these trustees. The Treasury initially suggested using data held by the Pensions Regulator early in the start of the Scheme, however due to NS&I focusing on payments to individuals, this did not take place until September 2012. The progress NS&I has made in tracing members of Group schemes is outlined in **Figure 15** on page 28 and demonstrates that collecting this information represents a significant risk for the Scheme achieving its objectives.

Figure 14
Potential risks to achieving the Scheme objectives

Risk	Details
Paying estates	NS&I is working with the Probate Office to obtain the information needed to make payments to estates. The Probate Office can currently only provide information for 500 cases per week. As there are between 10,000 and 15,000 cases to process we have estimated that this could take until the end of August 2013.
Paying the Groups	There may be a number of potential risks for gathering the information necessary to pay members of Group schemes. Firstly, there may be issues with the payment values for some members of the Groups schemes. However, the Treasury is confident that this risk is very low as assurance of the values has been provided by the Government Actuary's Department.
	There may also be delays of the Group Scheme trustees responding to the Scheme to arrange data sharing agreements and additionally there could be issues once this data has been provided. For example, the data may be incomplete or out of date. An additional risk lies in possible problems with the automated method used to load this data into NS&I's systems to make the payments.
	If Group Schemes have been wound up and therefore no longer exist it may not be possible to find some of the trustees and therefore pay the members of these Group Schemes. Trustees of wound up schemes may no longer have any member data to share with the Scheme.
	There may be a larger number of Group Scheme members who are deceased than expected. This will add an additional step to the process as these payments would be to estates.
Remaining individuals to be paid	Towards the end of the Scheme the Treasury and NS&I plan to run an awareness campaign to publicise that the Scheme will close and that if policyholders have not received payment they should contact the Scheme. This 'reactive tracing' may cause an influx of people right at the end of the Scheme.

Source: National Audit Office

Effects of the risks of making remaining payments

3.6 In order to make the remaining 664,187 payments, NS&I will have to make, on average, 55,348 payments every month. We looked at the average rate NS&I has made payments since it began payments in June 2011. It has made, on average, 18,992 payments per month. The largest number of payments that have been made in any one month was 83,082. Delays in collecting the information required to make payments could result in the Scheme not providing all payments by the end of March 2014. NS&I has more payments to make than it has been able to, on average, make in the past, and less budget remaining than it has spent each year over the last two years (**Figure 16** on page 29). The remaining budget is only to cover operational costs, as implementation work is scheduled to have now been completed. However, there is a risk that unforeseen implementation work may be required.

Figure 15
Cross section of current progress with Group schemes

The cumulative progress of tracing and processing payments to members of Group schemes as at March 2013

Stage	Value in stage (£)	Number of Schemes in stage	Number of members in stage
In tracing	74,596,429	2,028	175,421
Data sharing agreement sent	37,484,679	1,662	115,439
Data sharing agreement signed	20,532,074	225	53,175
Trustees sent policy numbers	18,497,710	495	68,697
NS&I received policyholder information from trustees	12,830,917	12	97,380
NS&I processed policyholder information	4,498,032	121	8,731
Members moved into reactive tracing	10,334,730	1,131	28,081

NOTES

1 Schemes in tracing are either being found, or they have been found and NS&I are agreeing a data sharing agreement.

2 Trustees sent policy numbers means NS&I has sent the trustees the eligible policy numbers in that Scheme, and ask the trustees to match the policyholder information.

3 NS&I processing the policyholder information means that it has entered the members' details into its banking engine.

4 Members moved into reactive tracing refer to those members for whom NS&I have received their information, however, the information received has failed the Scheme's tracing efforts or have no member data to share with the Scheme.

5 In addition to these Group schemes, there were 74 members of a Defined Benefit Group Scheme, all of which have been paid. Defined Benefit Group schemes were treated differently and are therefore not included in this figure.

Source: National Savings and Investments

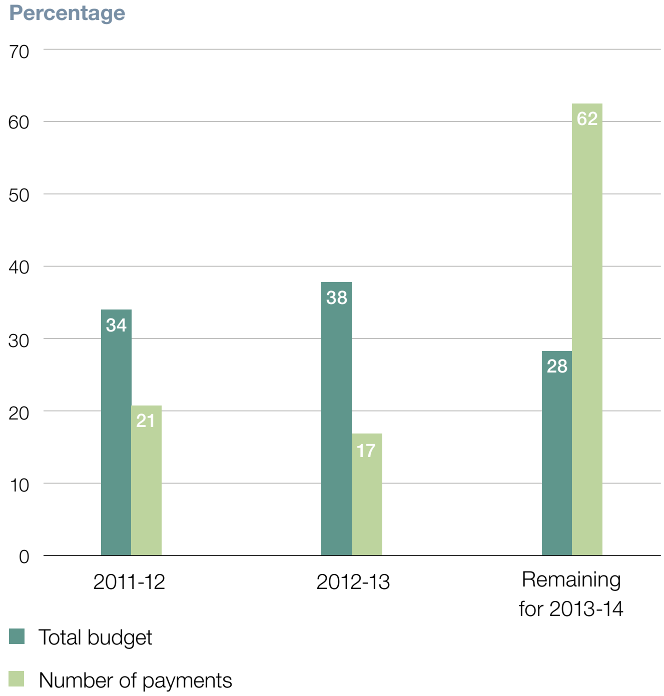
Effect of the remaining payments on the costs

3.7 **Figure 17** on page 30 shows the original budget and the Treasury's outturn plus forecast for the remainder of the Scheme. It shows that the Treasury is forecasting a small overspend overall. This forecasting includes NS&I's estimate that its costs will increase from £46 million to £50.2 million. This is currently an indicative forecast and the costs could rise further. Work is currently being commissioned by the Programme Board to identify efficiencies and where costs can be contained.

Figure 16

National Savings and Investments costs of the Scheme against payments made

In 2012-2013, the Scheme has a higher number of payments to make but with less budget



NOTE

1 This figure does not include the contacts to eligible policyholders not due a payment that the Scheme needs to process.

Source: National Audit Office analysis of National Savings and Investments data

3.8 NS&I's prediction that the costs of providing the Scheme will increase to £50.2 million is based on its resourcing model. This model forecasts costs, on a three-month rolling basis, by setting out the number of full-time staff required to process payments based on assumptions on the time it takes to process payments. NS&I do not take into account the actual length of time it takes to process different payments. Therefore, the assumptions in its forecasts do not account for the risk that the remaining payments may take longer to process (Figure 14).

Figure 17

Original budget and outturn plus forecast for the Scheme

Cost description	Budget (£)	Outturn plus forecast to end of Scheme (£)	Variance (£)
NS&I implementation	14,000,000		
NS&I operations	32,000,000		
NS&I Total	**46,000,000**	**50,163,000**	**4,163,000**
Deloitte	1,620,000	1,804,000	184,000
Equitable Life	405,000	101,000	-304,000
Towers Watson	1,800,000	1,800,000	0
Actuarial provider (3-year support services)	5,400,000	3,381,000	-2,019,000
Programme management office (HM Treasury staff)	804,000	1,124,000	320,000
Prudential	150,000	–	-150,000
Contingency (20 per cent)	1,453,000	–	-1,453,000
Specialist resource	–	365,000	365,000
GAD	–	184,000	184,000
Governance review	–	3,800	3,800
Independent Review Panel	–	140,000	140,000
Special adviser (non-executive)	–	56,000	56,000
Misc	–	51,900	51,900
Total Scheme costs incl NS&I	**57,632,000**	**59,173,700**	**1,541,700**

NOTES

1 NS&I budgeted costs source is an NS&I presentation to the programme board dated 24 March 2011. All other budgeted costs are derived from the Treasury business planning document also dated 24 March 2011.

2 Outturn plus forecast financial data source is a finance report submitted to the programme board in January 2013. The forecast of NS&I costs have been revised further.

3 Towers Watson also provided the three-year support services therefore overall underspend on actuarial services is £2 million.

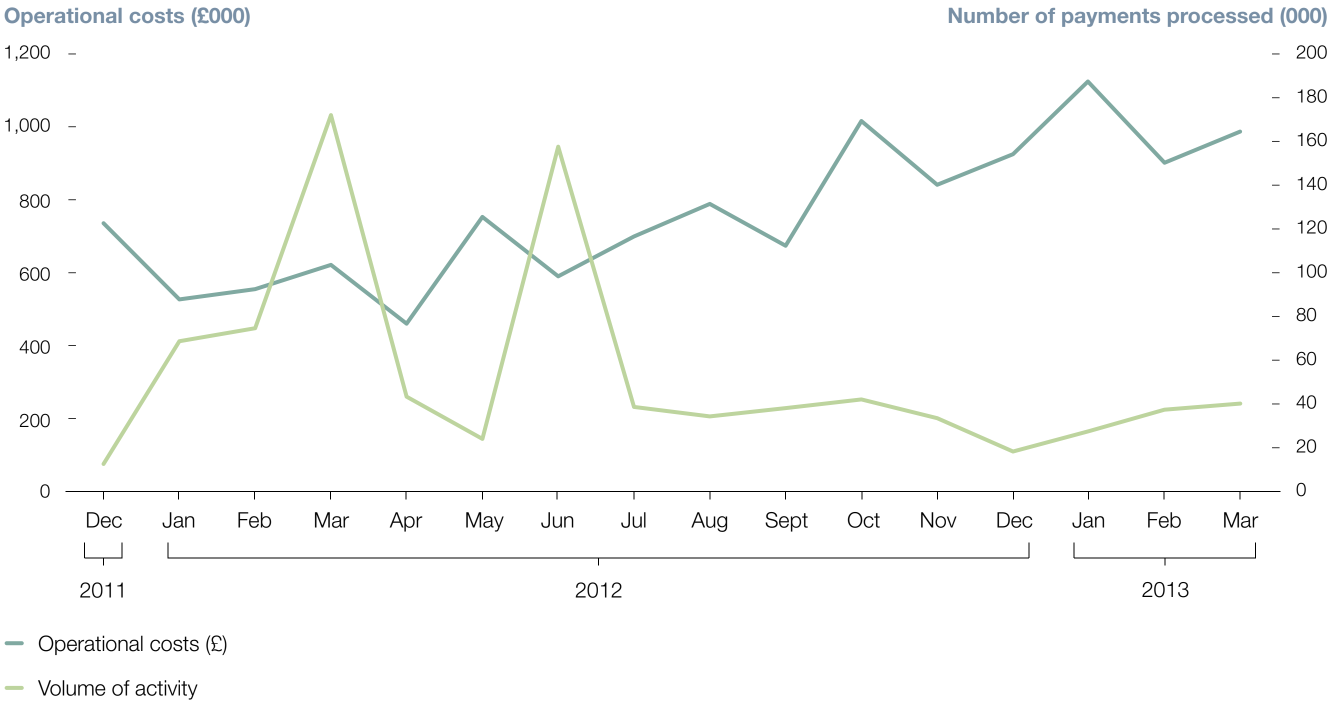
Source: HM Treasury

3.9 Figure 18 sets out the operational costs, and the operational activity, between December 2011 and March 2013. It shows that monthly operational costs have increased while the volume of activity has remained steady. Much of the activity during this time has been in tracing and corresponding with policyholders, while the number of payments actually processed has fallen. We looked at the average operational cost of processing a single payment, from the beginning of the Scheme to the end of March 2013, which was £32.68. Based on the amount of operational budget remaining, there is only enough to process 335,000 cases at this operational unit cost. However, NS&I has 664,187 payments remaining. The additional processes required to make the remaining payments may mean that the operational costs will continue to increase, or they will not fall in line with NS&I's assumptions. This creates the risk that NS&I will overspend on providing the Scheme.

Figure 18

Operational costs and operational activity between December 2011 and March 2013

There was an increase in the operational costs between December 2011 and December 2012 compared with the operational activity in this period



Source: National Audit Office analysis of National Savings and Investments data

Paying all policyholders

3.10 The government planned to pay or contact all policyholders that could be traced. NS&I is now assuming that it will only contact or make payments to 80 to 83 per cent of policyholders. This is because 17 to 20 per cent of policyholders will not be found and will not receive a payment despite a range of activity, including advertising, to help trace all policyholders. The percentage of those untraced will vary between different policy types.

Plans to wind-down the Scheme

3.11 The Treasury and NS&I are now discussing what they need to do in order to close the Scheme by April 2014. With regards to operational changes, they plan to move away from having a large number of less skilled staff and bulk processes, towards having fewer, more skilled staff. They anticipate these staff will be able to deal with complex cases more cost-effectively.

3.12 The Treasury is planning how to communicate the Scheme closure to the public. The first stage involves including the close-down message within existing communications. This needs to be done so policyholders understand what is going on, and to prevent complaints. The second phase involves giving the public notice through an advertising campaign so that policyholders come forward. NS&I refers to this as reactive tracing, as the proactive tracing will have been exhausted. The Treasury plans on spending up to £600,000 on the campaign.

Appendix One

Our audit approach

1 This study examined whether the implementation of the Equitable Life Payment Scheme has been effective and whether the Scheme will meet its targets. To do this, we assessed the following:

- whether the delivery model for the Scheme was right;
- whether the Scheme is working cost-effectively; and
- whether HM Treasury's governance arrangements are suitable.

2 We developed an evaluative framework to assess the Scheme, which considers what arrangements would be 'effective' for the implementation and provision of the Scheme. By this we mean the degree to which the Scheme will meet its objectives effectively in the timescale, the budget and with a suitable level of customer service. We have evaluated 'effectiveness' given the expressed or implied constraints. A constraint in this context is the budget for the Scheme and the timescale in which payments need to be provided.

3 Our audit approach is summarised in **Figure 19** overleaf. Our evidence base is described in Appendix Two.

Figure 19
Our audit approach

The objective of government

To make fair and transparent payments to Equitable Life policyholders who suffered relative loss as a result of regulatory failure.

How this will be achieved

HM Treasury designed the Equitable Life Payment Scheme in May 2011. The Treasury appointed National Savings and Investments (NS&I) to deliver the Scheme on its behalf and to pay £1 billion between June 2011 and April 2014.

Our study

The study assessed whether the Scheme was working effectively.

Our evaluative criteria

Is the delivery model for the Scheme right?

Is the Scheme working cost-effectively?

Are the Treasury's governance arrangements suitable?

Our evidence

(see Appendix Two for details)

We assessed the delivery model by:

- Interviews with Treasury, NS&I and ATOS staff.
- Extensive review of Treasury and NS&I documents.

We examined whether the Scheme was working cost-effectively by:

- Analysis of data detailing the payments made by the Scheme.
- Analysis of the Scheme budget and cost per payment.
- Conducting semi-structured interviews with stakeholders including:
  - Equitable Life Action Group (EMAG); and
  - Equitable Life Trapped Annuitants (ELTA).

We assessed whether the Treasury's governance arrangements were suitable by:

- Interviews with Treasury, NS&I and ATOS staff.
- Review of Treasury and NS&I documents including board and working group meeting minutes.

Our conclusions

Our key findings are set out in the Summary.

Source: National Audit Office

Appendix Two

Our evidence base

1 Our independent conclusions on whether the Scheme was being delivered effectively were reached following analysis of the evidence gathered between January and March 2013.

2 We applied an evaluative framework to consider the effectiveness of the implementation and delivery of the Scheme. Our audit approach is outlined in Appendix One.

3 We examined whether the delivery model for the Scheme was right. To do this:

- We conducted interviews with Treasury, NS&I and ATOS staff.
- We reviewed existing evidence including Treasury and NS&I documentation and past NAO reports, to better understand how the Scheme design was developed.
- We undertook semi-structured interviews with stakeholders, including Equitable Life policyholder groups (e.g. EMAG and ELTA).

4 We examined whether the Scheme was being delivered cost-effectively.

5 We examined the budget of the Scheme. In particular we looked at:

- Data of the payments made by the Scheme.
- Budget and costs to date of the Scheme.
- Operational cost per payment.

6 We assessed whether the Treasury's governance arrangements were suitable. To do this:

- We built an analysis framework consisting of issues related to the Scheme across the duration of the Scheme so far.
- We extensively reviewed Treasury and NS&I documents including Programme Board and working group meeting minutes to evaluate how issues were being dealt with.
- We undertook semi-structured interviews with Treasury, NS&I and ATOS staff.

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