

Teachers' Pension Scheme Pension Board
Executive Summary 1 April 2022 – 31 March 2023

1. In 2015, the Teachers' Pension Scheme Pension Board (the Board) was set up to provide additional assurance to the Secretary of State for Education, members, employers, and taxpayers that the Teachers' Pension Scheme (TPS) is being administered efficiently, effectively and in accordance with the scheme rules. The Board effectively challenges and supports the scheme administrator, Teachers' Pensions (TP) and the Department for Education (the Department) to achieve this.

2. The TPS is the second largest defined benefit public service pension scheme in the country - with a little over two million members (approximately 710,000 active, 673,000 deferred and 752,000 pensioner members) and almost 13,000 employers covering England and Wales. The Board's oversight, challenge and support of the work of TP and the Department is therefore very important.

3. The Board meets quarterly and has fourteen members comprising an independent Chair, an independent Pension Specialist, an equal number of member and employer representatives (five of each) and two members from the Department. Through its four sub-committees, the Board is able to focus on key issues and scrutinise performance in specific areas. The four sub-committees, which also meet quarterly, are as follows:

- **Service Delivery and Maintenance of Data** – scrutinising the arrangements for managing the scheme administration, monitoring performance and ensuring that data integrity is actively managed;
- **Information to Members and Communications** – scrutinising the ways in which communications with members and employers are developed and maintained;
- **Managing Risk and Internal Controls** – focusing on the framework for control and accountability, scheme financial administration, and ensuring that significant risks are identified and mitigated;
- **Commercial** – focusing on assuring themselves that commercial arrangements for delivering the scheme are appropriate, effective, offer value for money, and deliver continuous improvement.

4. The Board and sub-committee meetings were well-attended during the year, with well-informed input and challenge from all Board members based on papers, presentations and data provided by TP, the Department and external stakeholders such as The Pension Regulator, commercial partners and independent benchmarking organisations.

5. The Board continued to operate successfully mostly through remote meetings. However, in October the TPSPB met face to face for the first time since Covid-19. For the upcoming year, the Board is likely to adopt a hybrid model combining physical and virtual meetings. The service to members and employers has continued to be mostly delivered via hybrid working.

6. The Board, through a process of constructive challenge, considered several aspects of the TPS by carrying out deep dives into several topics, including:

- **Financial Governance within the Organisation** – Board members were reminded of the roles and responsibilities in respect of the financial governance arrangements in place for the scheme. This included providing reassurance about the robustness of the processes and effective management of risks and issues. The Board was assured by the

arrangements in place, which have ensured the resulting Annual Report and Accounts have been laid without qualification in each of the last eight years and were satisfied that the Board and its sub-committees were undertaking their obligations appropriately.

- **Strategic HR Challenges** – The Board conducted a deep dive of TP’s strategic HR challenges and how the Operating Model would address those. Priorities for TP included recruitment due to the Transitional Protection replanning work and training new staff. Board members welcomed a commitment that staff surveys would continue to ensure that satisfaction with the culture and trust in management was regularly monitored.
- **Equality, Diversity and Inclusion** – The Board took a keen interest in the arrangements in place to address and promote equalities, diversity and inclusion (EDI) in the Scheme arrangements. The Board were informed how policy is developed within the context of the overall legislation, how delivery of the scheme is monitored and how the arrangements in place ensure the Board can best support the duties and aims in this area. The Board expressed an interest in better understanding how the Department ensured pensions legislation was compliant with EDI legislation. This topic will be revisited in the coming year.
- **Assurance** – The Board revisited their role within the assurance process, including how their role fits into the wider assurance processes existing between the Scheme Administrator and the Department. The Board noted that there were several different areas in which they are required to provide assurance (including on strategic issues, risk management, administrative processes and outcome delivery) and the different levels to which assurance can be given. The Board welcomed the clarification brought by the discussion and identified a number of minor improvements to further strengthen the assurance process.

7. TP’s Institute of Customer Services (ICS) survey results were scrutinised by the Information to Members and Communications sub-committee. Both internal and external highlights were presented and examined. The Board was generally satisfied with the results; and was content that steps had been made throughout 2022, by way of a detailed action plan, to improve the performance in several areas.

8. The Service Delivery and Maintenance of Data sub-committee scrutinised the CEM benchmarking report which compares the TPS to other public-sector pension schemes. Board members noted the report was positive overall and the administration of the TPS remained both low-cost and high-quality. It was noted by Board members that TP had conducted significant work in improving the processing of member complaints and that performance in this area had subsequently improved.

Key Areas of Activity and Challenge:

9. The Board, through constructive challenge and support, monitored several aspects of the TPS:

- **Transitional Protection and Communications Engagement Plan** – The Board has monitored the contract variation activities to ensure commercial arrangements were finalised to enable rectification work on the Transitional Protection project to commence in a timely manner. The Board, through the Information to Members and Communications sub-committee, received an interactive demonstration of the Transitional Protection Decision Tree, which is due to be rolled out in 2023. The Board has taken a keen interest in how TP communicates (and will communicate) with members about Transitional Protection and how it will affect the different types of membership. The Board was also supportive of TP’s work

to ensure that the website and other communications aligns with accessibility guidelines.

- **Monthly Contributions Reconciliation (MCR)** – There has been some replanning within MCR resulting in fewer employers than anticipated successfully onboarding. Through the Service Delivery and Maintenance of Data sub-committee, members sought reassurance from TP that they had the resources to manage the level of support needed for the replan exercise. Board members were assured that TP were working with payroll providers and employers to understand what and where the challenges were and working through them.
- **III Health Contract** – Through the Service Delivery and Maintenance of Data sub-committee the Board challenged the Department on the provision of the new Medical Services contract, which had seen a backlog of cases created as a result of difficulties experienced with using TP's Hartlink system. The sub-committee welcomed the remediation plan that was introduced to address the issue and were keen for a long-term solution to be implemented. The Commercial sub-committee will closely monitor the effectiveness of the remediation plan and subsequent solutions going forward.
- **Portfolio Executive Summary** - This was introduced this year to showcase the planning for the TP Vision beyond the delivery of the current projects and programmes, which supports the long-term success of the administration by the identification of interdependencies and management of long-term risks over the next ten years.
- **Procurement and Transition Planning** - Through the Commercial sub-committee, the Board has provided challenge on both the procurement of the contract and for the transition arrangements once it was in place.
- **Six Strategic Objectives:** The Board receives an update on the progress made by TP against their six strategic objectives every six months – with a particular focus on those rated 'amber'. The Board provided challenge in respect of progress against two objectives. The first regarding active stakeholder engagement and management which had seen a decrease in member satisfaction and increasing volumes of member complaints. The Board recognised TP were taking all appropriate steps to remedy the issue. The second concerned innovation and change management, which was likely impacted by the two replans on Transitional Protection and MCR. These will continue to be monitored by the Board in July 2023.
- **Scheme's Annual Report and Accounts:** The Board, through the Managing Risk and Internal Controls sub-committee, noted that the TPS Annual Report and Accounts were successfully laid in Parliament without qualification in July. There were five minor audit recommendations, and it was recognised that the exercise had improved upon previous years. Effective governance ensured that the Board had appropriate oversight of the progress of the Scheme Accounts and management of its associated risks throughout the financial year through regular updates provided to the Managing Risk and Internal Controls sub-committee. Issues arising were appropriately escalated to ensure transparency, allowing the Board the opportunity to challenge the operation and control environment. A copy of the accounts can be found using the following link: [Teachers' Pension Scheme \(England and Wales\) Annual Report and Accounts 2021-2022 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1141422/teachers_pension_scheme_2021-2022.pdf)

Summary:

12. The Board has effectively challenged and pressed TP and the Department on matters where it considers improvement should be made – for example the Medical Services contract. The Board will continue to work to ensure that members' and employers' needs, and expectations are met.

