

Teachers' Pension Scheme Pension Board (TPSPB)

EIGHTH BOARD MEETING: 26 APRIL 2017

MINUTES

Present:		Also Attending :	
Michael Richardson CB (Chair)	MR	David Heslop (Capita TP)	DH
Geoff Ashton (Independent Pension Specialist)	GA	Jeff Rogerson (DfE Head of Pensions Policy & Governance)	JR
Stephen Baker (DfE representative)	SB	Karen Cammack (DfE – Secretariat)	
David Butcher (employer representative)	DB	Fiona Laundry (DfE – Secretariat)	
Chris Jones (member representative)	CJ		
Trefor Llewellyn (employer representative)	TL		
Lee Probert (employer representative) – by phone	LP		
David Trace (member representative)	DT		
Dave Wilkinson (member representative)	DW	Apologies :	
Jackie Wood (employer representative)	JW	Jerry Glazier (member representative)	

	Item	Action
Agenda item 1	<p><u>Introduction, attendance, apologies:</u></p> <ul style="list-style-type: none"> • Apologies were received from Jerry Glazier. • MR extended a warm welcome to Chris Jones and Jackie Wood attending their first Board meeting following their appointment, he hopes they will enjoy their time on the Board. • MR explained that Minister Gibb is now not able to join the meeting due to pre-election restrictions. <p><u>Minutes of the previous meeting:</u></p> <ul style="list-style-type: none"> • The minutes from the 7 December 2016 meeting were agreed. • JW mentioned that the next LGA Conferences were on 10 October in York and 17 October in London; Board member colleagues are welcome to attend. Secretariat confirmed that these dates are shown on the stakeholder event list. <p><u>Register of Interests:</u></p> <ul style="list-style-type: none"> • There were no comments. MR asked Board members to advise secretariat of any changes required. 	
Agenda item 2	<p><u>Update on action points:</u></p> <ul style="list-style-type: none"> • AP4/071216 review of OHAssist Ltd guidance material: Secretariat confirmed that following development of a plan and timetable, TP's Technical team are collaborating with OHAssist Ltd to update forms and guidance; they are mindful that vulnerable teachers and former teachers are important in this re-draft. • Updates will continue via the Information to Members & Communications sub-committee. 	
Agenda item 3	<p><u>Update on TP's Strategy:</u></p> <ul style="list-style-type: none"> • DH explained that TP drafted the document to distil key elements of the contract into a user-friendly and engaging document for TP staff. This aspirational document sets out TP's vision, mission and key values, but is not intended to capture details of measures as these are set out elsewhere. 	

	<ul style="list-style-type: none"> • The document sets out six main strategic objectives with stakeholders at its core, thus reflecting the importance of members and employers as the centre of TP’s business. • The document also gives an overview of what the future may look like and sets out the direction of travel. • JR confirmed that DfE had endorsed the document and planned to embed a joint strategy approach into the Teachers’ Pensions policy team to apply to dealing with customers, as the document aligns with the Civil Service Code of Conduct. Furthermore, it would provide a useful framework when drafting the TPSPB achievements document. • DW queried the use of self-service terminology throughout the document and noted that this option will need to be supplemented by a call-centre provision. DH acknowledged the requirement for personal assistance, and highlighted that the document makes provision for vulnerable customers. • DB queried the level of stakeholder engagement undertaken and DH confirmed that, whilst no consultation had taken place on the actual document, it reflected comments and views received from a range of stakeholders such as the Office of Budgetary Responsibility (OBR) and the Teachers’ Pension Administration Review Group (TPARG). • The Board noted that the challenge is to execute the strategy and requested that TP prepare a Board paper, twice a year (summer and winter), setting out how they had achieved against the five key criteria providing examples, with detail of the challenges encountered and solutions implemented. • Board members welcomed the document, agreed it reflected the Board’s aspirations for the scheme as well as TP / DfE’s and acknowledged that it would provide a useful structure for both the Board and sub-committees to adopt. They agreed that each sub-committee should add this to their agendas for June to determine how they could incorporate the approach into their work, and that there should be regular reports back to the Board from TP on progress made under each of the strategy’s headings. 	<p>AP 1/260417</p> <p>AP 2/260417</p> <p>AP 1/260417</p>
<p>Agenda item 4</p>	<p><u>Dashboard:</u></p> <ul style="list-style-type: none"> • No issues arising– the Board were content with the information in the Dashboard. 	
<p>Agenda item 5</p>	<p><u>Service Delivery & Maintenance of Data sub-committee:</u></p> <ul style="list-style-type: none"> • TL highlighted the key points covered at the SD&MoD sub-committee. The main area of interest had been the Benchmarking presentation given by John Simmonds of CEM. This had been a very interesting and insightful look at how the TPS compare with other schemes, including public sector providers. • The sub-committee had asked CEM if they were able to provide additional data for the TPS against fewer, more comparable comparators. JR was able to confirm that CEM had reviewed the agreements in place with the other participants in TPS’s peer group, but the confidentiality agreements were clear and explicit in that they require that CEM will never use peer groups that are so small that the data of individual participants might be identifiable. 	

	<p>CEM felt the request would breach these confidentiality requirements and CEM's contact terms – they felt that this not only had significant implications for CEM but also for the stability of the peer group.</p> <ul style="list-style-type: none"> • JR explained that public sector schemes pay around £25k annually to participate in the exercise and are required to meet the security protocols. To buy in a different service would mean additional costs, and would still be subject to Data Protection and information sharing restrictions. • MR confirmed that the report is discussed at the Public Sector Chairs' forum and this might present an avenue to seek consent from other schemes to re-cast the data showing just the four public sector schemes. JR noted that there was likely to be resistance from other schemes but agreed to approach them to try and facilitate this. • It was suggested that for the next report the Department could try to influence the Terms of References and JR undertook to explore whether there is any scope to do this, and report back to the Board. • The sub-committee had also noted the on-going issues with telephony – in particular that 31% of calls fail to connect and the increased number of abandoned calls. • DH confirmed that April had been a poor month with system outages, an increased volume of calls and increased absence in the call centre. TP also acknowledge issues around how they “message” when they are busy and manage call-flow. • TP are looking at ways to improve and are putting together a two-phase solution whilst reviewing the resources required to deliver on the strategy. It was noted that average call handling time is 25-40% higher than originally anticipated as call handlers now work to identify and resolve all issues, not just the primary reason for the call. • DH undertook to update the SD&MoD in June. • The sub-committee had noted different levels of satisfaction between members and employers, and were concerned at the lower levels from members. DH explained that there are handling differences to consider, and that only strong positives from member engagement surveys were used (4 and 5 on a 1-5 scale, i.e. the neutral mid-mark of 3 is not counted) so the “satisfaction test” is stringent, particularly when considered against the Institute of Customer Service survey that achieve around 80% satisfaction based on 3, 4 and 5. • The Board felt it would be useful to see statistics for the outcome measure based on 3/4/5 markings and agreed that this should be a deep-dive feature for the next SD&MoD sub-committee. 	<p>AP 3/260417</p> <p>AP 3/260417</p> <p>AP 4/260417</p> <p>AP 5/260417</p>
<p>Agenda item 6</p>	<p><u>Additional items from the SD&MoD sub-committee:</u></p> <p><u>MDC update</u></p> <ul style="list-style-type: none"> • TP continue to contact payroll providers to establish when their systems will be able to provide the MDC return, they have also contacted employers using those payroll providers to agree dates. • TP are currently focusing on those employers due to on-board during April & May; by the end of April this will account for 35% of the membership and be on-target to meet the interim objective of 60% of membership on the system by October 2018. 	

	<ul style="list-style-type: none"> The Top 10 payroll providers are in the process of getting their software live over the next few months. Information on these “trusted payroll / software providers” has been shared with employers. 	
Agenda item 7	<p><u>Information to Members and Communications sub-committee:</u></p> <ul style="list-style-type: none"> DT highlighted the very interesting and insightful presentation on social media delivered at the meeting. This covered how TP are expanding into new areas to try to engage with more members. 	
Agenda item 8	<ul style="list-style-type: none"> The sub-committee had been tasked with considering whether the approach taken last year to record and share the achievements of the Board remained appropriate. The sub-committee agreed that the two-version approach should continue as each version targeted a different audience, and agreed to recommend this approach to the Board. It was also noted that the view-rate of the reports on the website had been low, and whilst this was not uncommon amongst other schemes it was suggested that more should be done to improve the prominence/profile of the reports. The Board agreed to continue with the approach of producing two versions and to look at ways to promote more engagement. JR noted that the discussion of agenda item 3, and suggested the reports could be structured around the 5 key strategic themes, which may help to increase interest. He also suggested they should be cross-referenced with the Governance Statement (Annual Report and Accounts). The Board agreed both suggestions. The sub-committee were tasked to maintain a watching brief and to consider and suggest innovative ways of increasing interest and uptake, for example via face-book and twitter. 	<p>AP 6/260417</p> <p>AP 6/260417</p> <p>AP 7/260417</p>
Agenda item 9	<p><u>Managing Risk and Internal Controls Sub-committee:</u></p> <ul style="list-style-type: none"> DB highlighted that OBR had upheld TPS as an exemplar for scheme returns in terms of quality and accuracy, the sub-committee had felt this was particularly note-worthy. DB and JG agreed that the scope of the sub-committee is working as intended and has seen the development and refinement of the report(s), in particular regarding risk. The valuable support provided by both TP and DfE was noted. 	
Agenda item 10	<p><u>Additional items from MR&IC sub-committee:</u></p> <p><u>Progress of the Annual Report & Accounts</u></p> <ul style="list-style-type: none"> The interim audit was completed on 10 March with no material residual issues left un-resolved. Deloitte are back on site from 22 May to complete the final 5-week audit. Deloitte report that they are ahead of previous years in the audit process. The underlying message is that the accounts are on track, although it was recognised that purdah may present a risk to laying them on time. 	

	<p><u>Review Governance Statement</u></p> <ul style="list-style-type: none"> • The draft governance statement had been shared with the MR&IC sub-committee for review, and feedback reflected. • It was noted that last year had presented the challenge of how to ensure the Board were played into the reporting process. Whilst it remains an important issue, there has been a noticeable benefit from having prior scrutiny of the draft statement by the sub-committee. The time invested last year means that the Board are content that the right balance has been achieved to ensure the role and input of the Board is captured within the formal annual reporting process. • It was noted that, whilst an in-depth review of risk had been delegated to the Managing Risk sub-committee, the Board would value seeing a record of the main risks and progress made against them on an annual basis. It was agreed that these should be considered each March/April to support the Annual Reporting cycle. • It was agreed that this should be reviewed in July for 2017, and thereafter added to the timetable for the spring Board meeting. 	<p>AP 8/260417</p> <p>AP 9/260417</p>
<p>Agenda item 11</p>	<p><u>Update of key policy issues and SAB update:</u></p> <p><u>Valuation</u></p> <ul style="list-style-type: none"> • Work on the scheme valuation is well underway; all data has been transferred to GAD from TP. The TPSAB is actively involved in the valuation process and a sub-committee has been established; they will shortly be reviewing draft scheme assumptions - any advice that TPSAB wishes to provide will then be considered by the Secretary of State in determining the final assumptions. GAD will then complete the calculations needed to determine final figures, with the aim of results being made public alongside Spring Budget 2018, which will give employers 12 months to plan and make any system changes required. • It was noted that the TPSPB's main area of interest was likely to be communications to members and employers and to ensure timelines are adequate. • It was confirmed that regular updates would be provided to the Board on the progress of the process. <p><u>GMP update</u></p> <ul style="list-style-type: none"> • The GMP reconciliation project is continuing as expected and within agreed timeframes. The Department continues to work with HMT, following its consultation, on how appropriate indexation and equalisation of GMPs (for men and women) can best be achieved. The three options set out in the consultation (case by case, full indexation and conversion) are under review by HMT, and the Department continues to work to ensure the TPS remain involved – with the aim of achieving a long-term solution that is administratively deliverable, and provides appropriate protection to members. • The Department is working with HMT on the issue of overpayments and pre-2009 cases. Data has been provided to HMT to assist the decision making process. • Whilst these are primarily policy issues for HMT, and SAB lead on the issue, the Department will ensure the Board are kept up to 	

	<p>date.</p> <p><u>Exit payments</u></p> <ul style="list-style-type: none"> • HMT have made policy decisions about: applying a £95k cap on public sector exit payments; clawing back payments from high earners who return to similar roles within 12 months; and setting a maximum tariff and salary for redundancy payments. These will mainly affect premature retirement compensation (PRC) arrangements. HMT have not yet laid the legislation needed to give effect to these decisions, once they do amendments to the PRC arrangements will be taken forward. In the meantime employers are being kept up to date via the TPS website. <p><u>Casework – Brewster</u></p> <ul style="list-style-type: none"> • Following a case involving the Northern Ireland public service schemes, it is no longer legal for schemes to operate a system where a nomination form is required for survivor partner benefits; amendments will be made to scheme regulations in due course. Public Service schemes are discussing the issue of retrospection with HMT, in particular the key issues of overpayment of child benefits, and where a death grant has been paid to the estate. Once these are resolved retrospective cases will be taken forward. <p><u>Casework – Judges and Firefighters</u></p> <ul style="list-style-type: none"> • The individual workforces have challenged the transitional arrangements put in place by their schemes. In both cases there has been an appeal following the original decision; a watching brief is being maintained as to how these cases progress. 	
<p>Agenda item 12</p>	<p><u>AOB:</u></p> <p><u>TPSPB extension</u></p> <ul style="list-style-type: none"> • As part of the Board refresh exercise DfE identified another employer representative with links to academies, amongst other institutions. Since the Board had discussed several times the importance of seeking academy representation, we took the opportunity to ask Ministers for permission to extend the Board to five member and five employer representatives. This was agreed and we are currently seeking a further member nomination. However, until the next government is formed we are unable to progress, so do not expect to extend the Board until mid-July at the earliest, which means that new Board members are likely to attend in October for the first time. • The chair noted that the new members would be a welcome addition to the Board. <p><u>ToR update</u></p> <ul style="list-style-type: none"> • Minor consequential amendments are required to reflect the change in number of member and employer representatives, and the grade of the DfE representative. These will be prepared for agreement at the July Board meeting. 	<p>AP 10/260417</p>

	<p><u>TAVC update</u></p> <ul style="list-style-type: none"> As part of the quarterly strategy meeting with the Prudential in January, DfE colleagues discussed the fund options currently offered to TPS members under the TAVC scheme. This included a discussion about whether the with-profits fund should remain the default option for new members who choose not to express an appetite for investment risk. Prudential were commissioned to undertake a critical review of the current funds. DfE will be engaging external expert advice to consider any proposals resulting from the review. A final report will be presented to the TAVC Management Advisory Group (MAG) in July for their consideration and agreement before any changes to the funding options are implemented. The Board will be kept updated on progress. Following discussion, it was agreed to invite Prudential to give a presentation on AVCs and the issues involved, to the Board. <p><u>Proposed 2018/19 dates:</u></p> <ul style="list-style-type: none"> Board members are to review and advise secretariat, by 4 May, if any of the suggested dates causes a problem. <p><u>Sub-committees</u></p> <ul style="list-style-type: none"> Board members to advise if they wish to join / move sub-committees. In particular, it would be useful to have another member on the Service Delivery sub-committee. 	<p>AP 11/260417</p> <p>AP 12/260417</p> <p>AP 13/260417</p>
<p>Agenda item 13</p>	<p><u>Contract re-tendering:</u></p> <ul style="list-style-type: none"> MR thanked DH for his contribution to the meeting; DH left the meeting to ensure that TP are in the same position as other potential providers within the re-tendering exercise. The remainder of this section has been removed to ensure commercial sensitivities are maintained. A full version, signed by the chair and agreed by the Board at its subsequent meeting, is held by TPSPB secretariat team within DfE. 	
	<p>The next meeting will take place on 12 July 2017, at Lingfield Point, Darlington.</p>	

Minutes agreed : *Michael Richardson*

Date: 9 May 2017

Minutes circulated to Board members for review on : 10 May 2017.

Post 26/4/17 meeting note : TP advise that the correct terminology (agenda item 3) is 6 strategic objectives not 5 key criteria.

Minutes agreed by TPSPB at 12 July 2017 Board meeting, subject to the following changes: No changes requested.

Once agreed, the minutes will be signed by the Chair, uploaded to the Governance area of TP's website (being redacted where required) and copy securely stored.

Final Signature: *Michael Richardson*

Date: 12 July 2017