

Teachers' Pension Scheme Pension Board (TPSPB)

SIXTEENTH BOARD MEETING: 10 APRIL 2019

MINUTES

Present:		Also Attending:	
Neville Mackay (Chair)	NM	Neil Crombie (Deputy Client Director, Capita Teachers' Pensions (TP) 1-11)	NC
Susan Anyan (Independent Pension Specialist)	SA	Jeff Rogerson (DfE Head of Pensions)	JR
David Butcher (employer representative)	DB	Sue Crane (DfE Senior Contract Manager)	SC
Jerry Glazier (member representative)	JG	Peter Springhall (DfE Commercial Project Mgr)	PS
Julie Huckstep (member representative)	JH	Secretariat:	
Chris Jones (member representative)	CJ	Karen Cammack (DfE – Secretariat)	
Iain King (DfE representative)	IK	Helen Fisher – (DfE – Secretariat)	
Ian Payne (employer representative)	IP	Kathryn Symms (DfE – Secretariat)	
Lee Probert (employer representative)	LP		
David Trace (member representative)	DT	Guest/observers:	
Dave Wilkinson (member representative)	DW	Tania Edwards (TPR) 1-11	TE
Jackie Wood (employer representative)	JW	Michelle Kidman (TPR) 1-11	
Apologies:		Absent:	
Stephen Baker (DfE representative)		Roy Blackwell	

	Item	Action
Agenda item 1	<p>Introduction, attendance, apologies:</p> <ul style="list-style-type: none"> • NM extended a warm welcome to Ian Payne, the new employer representative and invited attendees to introduce themselves. • Apologies were accepted from Stephen Baker. • NM introduced Tania Edwards and Michelle Kidman from the Pensions Regulator, attending as guests and to introduce agenda item 5. <p>Minutes of the previous meeting:</p> <ul style="list-style-type: none"> • DB suggested an AP should be raised regarding the outcome of considerations on whether Board member appointments due to cease in Feb 2020 should be extended. (page 5 item 5). • The minutes from the 23 January 2019 meeting were agreed as a fair and true record. <p>Register of Interests:</p> <ul style="list-style-type: none"> • Some minor changes were noted. NM confirmed he was content that none of the declared potential conflicts precluded anyone from discussion of today's agenda items. 	AP11/230119
Agenda item 2	<p>Update on ongoing action points:</p> <p><u>AP11/260417 and 7/120717 - TAVC</u></p> <ul style="list-style-type: none"> • JR confirmed that at the last Management Advisory Group (MAG) meeting, agreement had been reached regarding the new offer which will become available in September 2019. • MAG had confirmed they would appreciate access to TPSPB's IPS on an "on call" basis. • NM confirmed that Prudential will be invited to a future TPSPB meeting to present the changes. 	AP11/260417 and AP7/120717

<p>Agenda item 3</p>	<p>Independent Pension Specialist Update (Paper 5): SA highlighted key issues from paper 5, which summarised current issues in the pensions arena most relevant to the TPS:</p> <ul style="list-style-type: none"> • <u>Pension Protection Fund (PPF)</u>: SA flagged that the PPF had published its response to the consultation on pensions dashboards, raising the question as to whether a 3-4 year target is realistic. The department and TP felt that it was achievable, but that the McCloud judgement uncertainties might present a challenge, as well as affect the validity of information that could be shared in the short-term. There continue to be concerns regarding security and timings, because of the scale of the scheme and the volume of data, and both TP and the department had passed on these when responding to the consultation. • <u>TPT Retirement Solutions</u>: has launched a pension scheme targeting the education sector which offers both DC and DB options. The new scheme - Pension Scheme for the Education Sector (PSES) – has been established as a direct response to the fact that many schools are facing increases in their contributions to the Teachers' Pension Scheme. • JR confirmed that the department has formally contacted TPT to remind them that only certain educational establishments are permitted to opt out of the TPS. JG felt that the advertisements for the PSES were unclear and misleading and confirmed that the MR&IC sub-committee would continue to keep a close eye on this. CJ questioned whether those opting out of the TPS were being targeted, whilst LP observed that alternative provisions are being considered by some colleges, and this may be a practice that spreads. • DW advised that Aviva has also been promoting a DC scheme to the independent sector. It was suggested that TP put some clear communication on their website explaining the difference between DC and DB provisions. • <u>The Single Financial Guidance Body</u>: was established last year to bring together the Pensions Advisory Service, the Money Advice Service and PensionWise. With effect from 6 April 2019, it will be known as the Money and Pension Service (MAPS). Some signposting changes will be required for TPS members. • <u>The Professional Trustee Standards Working Group</u>: has published new standards, focussing on skills and behaviours, which all professional trustees of occupational pension schemes will be expected to meet, together with information about a new associated accreditation regime. NM observed that the induction process for Board members should cover most of the standards (e.g. through completion of TPR e-learning modules), but there might be some merit in looking at the principals from a best practice perspective. 	<p>AP1/100419</p>
----------------------	---	-------------------

<p>Agenda item 4</p>	<p>Update from Scheme Advisory Board (SAB): The TPSAB met on 20 March; the four key topics covered were:</p> <p><u>Valuation</u></p> <ul style="list-style-type: none"> • JR confirmed that an announcement was imminent regarding the funding consultation outcome. This will confirm the employer contribution rate from September 2019 as 23.6%, whilst member contribution tiers should remain as they are. It will also outline what funding support will be provided to employers. The increase to employer rate will go ahead even though cost-cap rectification has been postponed pending the outcome of McCloud/Sargeant. <p><u>McCloud/Sargent case:</u></p> <ul style="list-style-type: none"> • The Court of Appeal has now laid down its final determination in the Judges' and Firefighters' legal cases and determined that the transitional provisions established during the reform of both schemes are discriminatory, with the government having not justified why it was appropriate to treat 'protected' members differently. HM Treasury has confirmed that leave to appeal to the Supreme Court has been requested. JR confirmed that the department is working with HMT on a remedy, and changes to TPS arrangements may be required. NM confirmed that the Board is aware that this is a significant issue and that there is a question about how it engages with the issue and any possible effect on the sub-committee structure. <p><u>Independent Schools:</u></p> <ul style="list-style-type: none"> • Currently independent schools have the option of joining the TPS, but if they decide to do so the scheme must be offered to all teachers. • JR explained that the Independent Schools Council (ISC) had proposed amending the rules to allow for phased withdrawal, if the schools preferred to do so. Existing members would remain in the scheme, but schools could choose to close it to new members of staff. This proposal was a response to rising employer costs that potentially makes participation unaffordable for some independent schools. JG queried the timescales and JR confirmed that it would be unlikely any changes to regulations would happen before January 2020, noting that this is currently just a proposal and is something that would need to be subject to a wider public consultation. • CJ expressed his concern that if this were to be considered, it could set a precedent for post '92 universities. JR confirmed that these same concerns were being raised at SAB meetings. NM noted that there was no formal feedback mechanism from TPSPB to SAB. The department undertook to consider how to best achieve this. 	<p>AP2/100419</p>
<p>Agenda item 5</p>	<p>The new working arrangements between TP and TPR:</p> <ul style="list-style-type: none"> • TE explained that TPR were introducing a new way of working (one to one supervision) with pension schemes across both the public and private sector. Twenty-two schemes had been 	

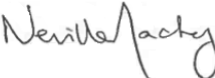
	<p>selected to participate in a pilot, including three of the biggest four public service schemes. Selection had been determined by size of membership and range of liabilities, which would help TPR to understand the range of current and future challenges. TP had been selected as one of the big three. TPR are planning to gain a better understanding of how TP and the other schemes operate with a view to sharing good practice across schemes.</p> <ul style="list-style-type: none"> • TPR had attended a day-long visit to TP in November, and following this had been provided with a range of underpinning and background information by both the department and TP, which will support this in-depth look at what TP do and how they do it. • Some concerns had been noted by some participating schemes around sharing “intellectual property”, and TPR were keen to reassure participants that this will be handled appropriately, with the overall aim that this will be a mutually beneficial experience. • SC highlighted that TP had always had a good relationship with TPR, but considered this new approach would bring tangible benefits through the new reporting approach. • In response to NM’s query on timelines, TE confirmed the plan for an initial 12-month trial, which may be extended depending upon the nature of any issues that arise. • TE is due to produce an initial report within the next few months with early feedback on the pilot; this can be shared with TPSPB members. As TPR are still developing the framework there is uncertainty about subsequent reporting, however TE confirmed that feedback would be via SC and Teachers’ Pensions in the first instance and will allow TPR to make improvements for subsequent tranches of schemes as they are included in the programme. • She also confirmed that the intention is to provide reporting on collective/group basis, i.e. not to name participating schemes if a particular aspect of their approach is atypical/ineffective. She added, that it will be for schemes to decide whether and how to share information with members and stakeholders. • A number of Board members expressed reservation at the terminology of “one to one supervision” as they felt it conveyed a message that participating schemes were failing in some way, akin to “special measures”. TE reiterated that the approach was around finding and sharing good practice, but she will explore these concerns with TPR’s communications team. • NM thanked TE for her time in providing an interesting overview of the new working relationship; the Board looks forward to reading the update report. 	
<p>Agenda item 6</p>	<p>Cross-cutting issue - Data Improvement Strategy (Paper 6):</p> <ul style="list-style-type: none"> • NC presented Paper 6, explaining that TP has recently reviewed the TPS Data Strategy and put in place a Data Improvement Plan. The Data Strategy sets out information on the background and importance of scheme data, along with an overview of the scheme, key objectives, information on how data quality will be measured, how strategies and initiatives will be reported and the Terms of Reference for the Data Strategy Working Groups. • TP deals with a high volume of data received from employers, members and third parties, and views data and data security as 	

	<p>key issues. NC gave the example of MDC dealing with 27 million pieces of data a month, which needed to be validated and checked.</p> <ul style="list-style-type: none"> • NC explained that the strategy is viewed as a living document, frequently reviewed and updated to reflect the changing landscape, such as the rising importance of the role payroll providers undertake, the challenge of collecting data from multiple providers, the changing role of Local Authorities and the challenges brought about by declining pension expertise amongst employers. • He highlighted some of the initiatives already in place such as the introduction of monthly data collection, enhancing self-service facilities, email campaigns to target collection of specific details and the circulation of information packs to scheme leavers and joiners. • Further improvements are planned including monthly contribution reconciliation, enhancements to communications with deferred members, technological improvements and combining data sources - all will improve data quality and provide additional assurance. • The consensus of the Board was that the presentation covered and explained a range of activities underway and actions taken, but felt that detail on how these were brigaded to form a strategy was missing. NM observed that that it would be useful if TP could set out how strategic objectives are being achieved, or not, with supporting details on how these are being measured. That will enable the Board to determine whether it is assured that the strategy is achieving what is needed. • DB suggested that the best approach would be to provide data on one or two key measures for each aim. • NC undertook to provide further information on key data measures and measurement details to the next Service Delivery and Maintenance of Data sub-committee, who will review it in the first instance, with a view to reporting to the TPSPB at its next meeting. • The Board also discussed a range of Wales related concerns. DW agreed that some thought was needed around issues particular to local Authorities, and that there was a specific Wales dimension, he proposed these be discussed at SD&MoD sub-committee level. • There was also some discussion around how Wales was represented. JR advised that officials from the Welsh Government sit on the Scheme Advisory Board and that his team hold regular keeping in touch meetings with those officials. CJ wondered whether someone from the Welsh Government should be invited to attend/observe the TPSPB. DfE agreed to discuss this possibility with Welsh Government officials. 	<p>AP3/100419</p> <p>AP4/100419</p> <p>AP5/100419</p>
<p>Agenda item 7</p>	<p>Information to Members & Communications sub-cttee (Paper 9):</p> <p>DT and NM both commended the high quality minutes from the last round of sub-committee meetings, and asked for thanks to be passed to the authors.</p> <p>DT noted that the three issues the sub-committee had agreed to</p>	

	<p>highlight to the Board were as follows:-</p> <p><u>Annual TPSPB Executive Summary (Papers 10 & 11):</u></p> <ul style="list-style-type: none"> DT confirmed that the sub-committee had discussed the paper and felt that it was a good reflection of the Board's activities and achievements. The department had been asked to produce an abridged version for publication on TP's website (Paper 11). The Board agreed that the long paper could now be shared with ministers and the short version published on TP's website. <p><u>Academy Engagement:</u></p> <ul style="list-style-type: none"> DT highlighted the discussion and concerns raised at the sub-committee meeting regarding academy engagement with TP. The sub-committee had asked TP to investigate further and report back at the next meeting. SC noted that there are specific outcome measures associated with engagement with employers, and TP will draw out some of the elements of these to inform subsequent discussions. In addition, TP would interrogate the information to determine whether academies are obtaining information via another route other than TP. JR noted it is an on-going challenge to get the right information to the right person within employers as a whole. <p><u>GMP Exercise:</u></p> <ul style="list-style-type: none"> DT highlighted that the sub-committee had agreed that this had been a successful and well-executed exercise, giving rise to very low numbers of complaints and enquiries. 	<p>AP6/100419</p> <p>IM&C s/c AP</p>
<p>Agenda item 8</p>	<p>Managing Risk and Internal Controls Sub-committee (Paper 12): JG brought to the attention of the Board the three issues that the sub-committee agreed to highlight:-</p> <p><u>McCloud Risk Management:</u></p> <ul style="list-style-type: none"> HMT has applied for leave to appeal to the Supreme Court, which may result in a long period of uncertainty. However, the sub-committee will continue to look carefully at potential risks associated with the judgement. <p><u>Data Security:</u></p> <ul style="list-style-type: none"> The sub-committee had received a useful and interesting presentation on cyber security from TP's Head of Security. NM commented that this had been timely as the department's Audit and Risk Committee had focused on this at December's meeting. <p><u>Valuation Risk:</u></p> <ul style="list-style-type: none"> JG noted that the valuation presentation given by DfE Policy team had provided a useful update. A concern around how funding for Welsh schools/HE establishments would be determined had been surfaced during the sub-committee discussion (it was subsequently confirmed that this would be done by the Welsh Government). TP and DfE are to consider any issues specific for Welsh members or employers. <p>JG confirmed that the sub-committee had taken assurance that audit and risk processes were being followed and delivered efficiently.</p>	

	<ul style="list-style-type: none"> NM commended the minutes, highlighting that they clearly illustrated that both operational and strategic risks are being considered, and that new risks are being identified. 	
Agenda Item 9	<p>Service Delivery & Maintenance of Data sub-cttee (Paper 13) : DW commended the quarterly report and noted that the three issues the sub-committee had agreed to highlight to the Board were:-</p> <p><u>CEM Benchmarking report:</u></p> <ul style="list-style-type: none"> DW confirmed that the Scheme remains in the high service, low cost quadrant compared to its peer group, and provides good value for money. There was some impact on scores as a result of call centre issues, reflecting the problems TP had last year. NM felt that it would be useful for all Board members to have sight of the report and also to invite John Simmonds from CEM to present the key findings and draw out the high and low points to a future TPSPB meeting. <p><u>Volume increase:</u></p> <ul style="list-style-type: none"> DW advised that the contractual discussions between TP and the department are now complete. SC confirmed funding for 18 staff, with seven of these having already been recruited to deal with outstanding bereavement cases. The remaining 11 have been recruited and are undergoing training. In response to NM's question regarding how the sub-committee can be clear that the outcomes are delivered, JR confirmed that there are a clear set of objectives tied to the contract change notice and funds will only be released as these are met. <p><u>Overseas Payments:</u></p> <ul style="list-style-type: none"> DW explained that the concern around overseas payments has been resolved as TP use Deutsche bank, and it has been confirmed that the UK will remain a member of the Single Euro Payment Area (SEPA). In simple terms, this means, everything remains the same regardless of Brexit outcomes. 	AP7/100419 AP8/100419
Agenda item 10	<p>TP Update:</p> <ul style="list-style-type: none"> NC agreed that from TP's perspective the GMP rectification exercise had gone well. A small number of underpayment cases were being dealt with this month. NC confirmed that the migration from RMH to Azure had taken place on 16/17 March, and had gone well. Some issues remain to be resolved (e.g. DfE access to the system), but on the whole TP were pleased with the successful implementation. NC noted that the factors exercise is complete. 	
Agenda 11	<p>AOB:</p> <ul style="list-style-type: none"> JR confirmed that the publication of the funding consultation response and the valuation report had been announced during the course of the meeting. DfE is maintaining the funding proposals set out in the consultation. Links to the consultation response and valuation report will be circulated to Board members. 	AP9/100419


Agenda item 12	<p>Commercial sub-committee update:</p> <p>NC, TE and MK left the meeting.</p> <p>This was prior to the consideration of the commercial project and ensures that Capita are in the same position as other potential providers within the re-tendering exercise.</p> <p>The remainder of this section has been removed to ensure commercial sensitivities are maintained. A full set of minutes (and actions), signed by the chair and agreed by the sub-committee at its subsequent meeting, is held by TPSPB secretariat team within DfE and will be shared with Board members.</p>	
	The next meeting will take place on 10 July 2019, in Sanctuary Buildings, London.	

Minutes agreed : 

Date: 17 April 2019

Minutes circulated to Board members for review on 17 April 2019. As a result the following change was made : None
Minutes agreed by TPSPB at 10 July 2019 Board meeting.
Once agreed, the minutes will be signed again by the Chair, uploaded to the Governance area of TP's website (being redacted where required) and a copy securely stored.

Final Signature:



Date: 10 July 2019