

Teachers' Pension Scheme Pension Board (TPSPB)

SEVENTH BOARD MEETING: 7 DECEMBER 2016

MINUTES

Present:		Also Attending :	
Michael Richardson CB (Chair)	MR	David Heslop (Capita TP)	DH
David Butcher (employer representative)	DB	Jeff Rogerson (DfE Head of Pensions Policy & Governance)	JR
Jerry Glazier (member representative)	JG	Kathryn Symms (DfE Policy & Governance team leader)	
Simon Judge (DfE representative)	SJ	Karen Cammack (DfE – Secretariat)	
Paul Kett (DfE representative)	PK	Fiona Laundry (DfE – Secretariat)	
Trefor Llewellyn (employer representative)	TL	Dr Noel McElearney (OHAssist Ltd – for presentation on Occupational Health provision only)	Dr M
Lee Probert (employer representative) – by phone	LP		
Alice Robinson (member representative)	AR	Apologies :	
David Trace (member representative)	DT	Geoff Ashton (Independent Pension Specialist)	
Dave Wilkinson (member representative)			

	Item	Action
Agenda item 1	<p><u>Introduction, attendance, apologies:</u></p> <ul style="list-style-type: none"> Apologies were received from Geoff Ashton. MR extended a warm welcome to Paul Kett attending his first Board meeting following his appointment as Director of Teachers and Teaching Group. He also passed on his grateful thanks to both Alice Robinson and David Simmonds for their contribution to the Board; neither Alice nor David have sought re-appointment following completion of the initial appointment period. <p><u>Minutes of the previous meeting:</u></p> <ul style="list-style-type: none"> The minutes from the 7 September 2016 meeting were agreed. <p><u>Register of Interests:</u></p> <ul style="list-style-type: none"> There were no comments and no changes required. <p><u>LGA Conferences:</u></p> <ul style="list-style-type: none"> MR had been invited to present at the two LGA Conferences in October (York and London); slides had been circulated to the Board. Although few questions were posed at the events, LGA had provided positive feedback stating that the presentation(s) had been well received and valued. Should a similar invitation to present be received next year, MR proposes to canvass Board members to seek volunteer(s) to attend /present, thus providing LGA with a wider exposure to the Board and opportunities for Board members to meet face to face with employers. <p><u>Annual Reports (NHS, Armed Forces):</u></p> <ul style="list-style-type: none"> Following circulation of the NHS and AFPS annual reports, MR observed that these were lengthy in comparison to the two 	

	<p>versions prepared in respect of the TPSPB (one circulated to Ministers and the other included onto TP's website for members and employers). Whilst audiences are different, MR proposed that further discussion takes place to determine if Board members remain happy with the TPSPB approach and asked the Information to Members and Communications Subcommittee to add this to the agenda for their next meeting.</p> <ul style="list-style-type: none"> • Board members were interested to know whether TP were able to provide information on how many people had viewed the TPSPB report. DH undertook to discuss with the engagement team and provide information on volumes and demographics (if possible). 	<p>AP1/071216 AP2/071216</p>
<p>Agenda item 2</p>	<p><u>Update on action points:</u></p> <ul style="list-style-type: none"> • The revised learning matrix has been completed by secretariat, cross-referencing with tPR's version. This has now been shared with GA for review and his comments will be reflected prior to sharing with DB to trial in the new year. Following any further amendments, it will be ready to use to support induction and training for future Board appointments. 	<p>AP3/071216</p>
<p>Agenda item 3</p>	<p><u>OHAssist Ltd Presentation:</u></p> <p>Dr Noel McElearney from OHAssist outlined the Occupational Health service that OHAssist provide to the scheme. Key points from the presentation included:</p> <ul style="list-style-type: none"> • A dedicated team of OH physicians deal with around 950-1000 teacher-referrals a year and provide pensions advice against a set of criteria. These are set out in their pension standards, which are subject to scrutiny by the Pension Ombudsman to ensure the decision making process is transparent and fair. OHAssist are therefore precise in setting out their advice, and the supporting rationale. c75% of ill health applications are accepted each year. • The TPS 2-tier provision was introduced in 2007 and applications are tested against both the "incapacity to teach" and "total incapacity" definitions. NICE guidelines are followed regarding appropriate medical treatment. • KPIs for turnaround are consistently met, and terminal cases are handled as a priority, usually within 24 hours of receipt. • OHAssist Ltd handle appeals dealing with schemes in "batches". • The governance structure includes monthly meetings with DfE officials with reports submitted for consideration on volumes, trends etc. • Internal checks ensure a consistent approach amongst the medical advisers. • This is the third OH contract, it has been re-tendered twice in recent years, and contracts are awarded for 3-year periods. • Recent IT issues with TP systems have been addressed (post meeting note: it has been confirmed in the monthly KiT between DfE and OHAssist on 8/12/16 that no issues have been raised since May 2016). • Following discussion, it was agreed that OHAssist guidance 	<p>AP4/071216</p>

	<p>material for practitioners would be reviewed by DfE/OHAssist to ensure it included more detail – as was outlined in the presentation. It was felt that this would be of particular value to those completing application forms and their GPs.</p> <ul style="list-style-type: none"> • The Board raised concerns regarding those with deteriorating conditions. It was acknowledged that the timeline for diagnosis had been extended to two years, which was helpful, but it was agreed to include consideration of communications with this group, particularly those not in work, within the wider review of guidance. • MR thanked Dr McElearney for a very interesting and informative presentation. 	AP4/071216
Agenda item 4	<p><u>Dashboard:</u></p> <ul style="list-style-type: none"> • It was noted that this continues to be a very clear, comprehensive and useful overview of data to support the subsequent three sections of the agenda. • DH confirmed that the amber RAG rating in respect of Monthly Data Collection was precautionary, and that by March, when the sub-committee next meets, it is hoped that this will have moved to green. 	
Agenda item 5	<p><u>Service Delivery & Maintenance of Data sub-committee:</u></p> <p>AR, as chair of the sub-committee, highlighted key points of discussion from the meeting. These included:</p> <ul style="list-style-type: none"> ○ Discussion regarding influencing factors on KPIs/SLAs and ensuring that these remain appropriate. ○ Assurance taken from firmer methods of engagement and sanctions being applied to employers who returned ASR's late. The sub-committee acknowledged that better relationships had developed between TP and employers and noted the key achievement of reducing "non-returns" to seven, which is seen as an excellent outcome. The letter of 3 October was noted as a particularly good example (setting out breaches requirements and associated sanctions). ○ Good links have been established between TP and HMRC, and TP are well advanced in handling GMP issues compared to other public sector schemes. ○ Assurance was taken from developments with academies sector where officials have arranged to include Teachers' Pensions information in academy packs and set out the full range of their responsibilities in respect of teachers. Recent evidence shows that academies are complying and that problems may not be as widespread as initial evidence suggested. ○ It was acknowledged that there were specific problems for some academies moving from one MAT to another and perhaps Regional Schools Commissioners, who broker these moves, may have a role in addressing. ○ The sub-committee acknowledged the work being undertaken to resolve the 2nd Bite PI issue, although it was felt that more speed could be utilised to build defences and provide assurance regarding a repeat scenario. 	

	<ul style="list-style-type: none"> ○ JR confirmed that it was a major concern that the 3 lines of defence had all failed but that TP were strengthening both the three control levels and the annual audit process via robust planning and risk management. ○ DH confirmed that TP have increased resources and are developing IT solutions to deal with straightforward PI cases (by March 2017) and alongside this are building a team to deal with more complex cases manually. The plan is to communicate with members as TP correct the pension. ○ Board members challenged the reasoning behind TP's plan of action regarding re-imburement (dealing with the 40 highest debts first). DH explained that this was to test communications on the group most likely to challenge. ○ JR confirmed that: interest will be included in repayments, that TP are absorbing the admin costs and that cross-referencing with other projects e.g. GMP/re-marriage will take place to ensure that members do not receive money in one hand only to have it taken from the other. ○ It was agreed that the Board would be updated throughout the process. 	AP5/071216
Agenda item 6	<p><u>Additional items from the SD&MoD sub-committee:</u></p> <ul style="list-style-type: none"> • <u>MDC:</u> DH confirmed that 19% of the membership is now on-boarded or within 3 months of the on-boarding cycle. A further 65% have confirmed or indicative dates and this includes all large and medium size employers. 1500 employers are still working through the process. It is anticipated that there will be an operational bulge in April 2017 as this is the point when many payroll providers will complete their solutions, but some pro-active work with them in January may help to smooth this. • It was agreed that TP will provide an interim report for the Board to update on TP's strategy with handling the April bulge. • <u>Employer Review:</u> The purpose of the review, which began 15 months ago, is to consider whether those who have access to the TPS (as an employer and a teacher), and whether their roles and responsibilities remain appropriate, fit for purpose, value for money and will provide assurance over the effective governance and financial management of the scheme in the medium to long term, and to make recommendations as appropriate. • Paper 9 set out the employer model review with current position and proposed changes along with considering the impact of the changes to member administration. It sets out the key issues of phase 2, employer accountabilities, the risk assessment framework, suggested enhancements to the MDC template to implement the improvements and next steps. • Discussion included an observation that this project was not just about smoothing the process around MDC, but addressed wider issues around employers not providing the wide range of information to members as they did historically and encouraging members to engage with both the scheme and their employers (e.g. to discuss how flexibilities of the Scheme fit in with working patterns). 	AP6/071216

	<ul style="list-style-type: none"> • DH highlighted the challenge of developing phase two of MDC whilst rolling out phase one, which means that only high level planning is currently under development. • It was agreed that regular updates during the life of the project need to be provided to both the sub-committee and TPSPB. This should include information on timelines when available. 	<p>AP7/071216</p>
<p>Agenda item 7</p>	<p><u>Information to Members and Communications sub-committee:</u></p> <ul style="list-style-type: none"> • DT as Chair of the sub-committee highlighted the very useful and informative presentation on the changes to TP’s website that formed part of the sub-committee meeting. DfE point of contact has suggested similar presentations at future sub-committee meetings to allow sub-committee members to develop a rounded understanding of the engagement team role, its activities, and range of communications with members and employers. • DT highlighted that there had been a discussion around vulnerable members, in particular those over 80 years, and how this aligned with the Government’s digital by default agenda. TP have put in place a postal-by-default approach for those over 80 and have included a provision to allow others to choose to receive P60s and Annual Benefit Statements by post. The sub-committee expressed concern about those between 70-80 years of age, although TP confirmed that over 100k of pensioner members have an MPO account and the biggest uptake is within this group. There were also concerns regarding phased-retired members and their need for targeted comms. • PK highlighted that work across other government departments is taking place looking at this age group and this might provide some useful insight. • The sub-committee continued to have reservations, but would maintain a watching brief via the sub-committee, and continue to report to the TPSPB. 	<p>AP8/071216</p>
<p>Agenda item 8</p>	<p><u>Managing Risk and Internal Controls Sub-committee:</u></p> <ul style="list-style-type: none"> • JG gave an overview of the sub-committee meeting and advised the Board that it was a very positive meeting, well supported by both TP and the Department and a good foundation on which to build. • It was noted that the in-depth scrutiny of one risk had been useful and informative; the sub-committee propose to adopt this strategy and will review risks linking them to the financial cycle. 	
<p>Agenda item 9</p>	<p><u>Additional items from MR&IC sub-committee:</u></p> <ul style="list-style-type: none"> • DH advised that formal meetings between TP and the Pensions Regulator take place quarterly which allows for discussion of problem cases. TPR have provided positive feedback to TP regarding their work on record keeping. DH confirmed that this regular interaction provides TP with the 	

	<p>opportunity to get tPR on board with tackling recalcitrant employers.</p> <ul style="list-style-type: none"> • TP had recently completed tPR's Record Keeping Survey, and JR confirmed that the scheme manager had completed tPR's annual administration survey. • Work is underway to compile to 2015/16 audit plan and is progressing well. The plan will be shared with the sub-committee. 	AP9/071216
Agenda item 10	<p><u>Issues arising from consideration of the SAB (policy) update:</u></p> <p><u>GMP:</u></p> <ul style="list-style-type: none"> • The Board noted that GMP issues sit with the SAB as a policy issue, however individual Board members might wish to contribute to HMT's consultation on how equalisation of GMPs can be achieved. Secretariat will forward a link. The Department will feedback via MOCOP which is the established route for cross-scheme discussion on policy. • Board members were also interested in the Cridland Review, in particular the 3 pillars (fairness, affordability and fuller working lives). DW advised that the report had been published with a closure date for responses of 31 December. Links will be forwarded to the State Pension Age Independent Review and its supporting Interim report, for Board members to review and contribute to should they wish to highlight any operational impacts on the scheme. <p><u>Capping public sector redundancy payments:</u></p> <ul style="list-style-type: none"> • JR confirmed that comms re the 95k limit has been published on TP's website. <p><u>Valuation:</u></p> <ul style="list-style-type: none"> • JR confirmed that all is on track in respect of data collection and noted that the quality of data will improve going forward when MDC is fully operational, and this will help make the valuation data collection process more robust than previously. 	AP10/071216 AP11/071216
Agenda item 11	<p><u>AOB:</u></p> <p><u>TAVC:</u></p> <ul style="list-style-type: none"> • Following the presentation in November some questions arose around why the scheme was occupational based as opposed to trustee-based. JR explained that due to the large holding in with-profits (around 94% of the investments in the TAVC) the ability to negotiate better terms with a new supplier is limited because of the bonus structure, as terminal bonuses are added to investments when the term agreed comes to an end. In addition, about 65% of members of the TAVC are over 50 and the majority of funds are invested without members making further contributions. This means that it is unlikely that most members would be best served by moving the scheme to another type of arrangement such as Trust Based schemes. • However, the Department is currently investigating the existing fund offer and fee structure in order to ensure members continue to receive a good deal for the TAVC. This is being completed in liaison with the Management Advisory 	

	<p>Group and officials will continue to include GA in those deliberations.</p> <p><u>Academy audit process:</u></p> <ul style="list-style-type: none"> • JR confirmed that the audit process for academies is predicated around the funding agreements set up as part of the conversion process and includes robust management of day-to-day spending alongside strategic spending. The Department are reviewing financial monitoring processes, including consideration of independent monitoring. This process should identify when contributions are not being paid and thus trigger any account qualification procedures. SJ noted that the process will become more robust in the future. <p><u>TPSPB re-appointments:</u></p> <ul style="list-style-type: none"> • JR confirmed that the Department has recently received ministerial approval to proceed with re-appointments to the TPSPB. Re-appointment letters will be issued shortly once administrative processes have been completed. • The Department has received approval to proceed with the recruitment to the two positions where TPSPB members had not sought re-appointment. This too will commence shortly and the Department aims to try to attract applications from serving teachers and headteachers, to widen representation on the Board (including academy representation). Within this, the primary criteria will be to identify qualified, capable and willing nominees. • With the departure of AR a new chair for the Service Delivery sub-committee is required. JR proposed to invite TPSPB members to self-nominate, and the Department will then review and make a recommendation to the Chair based on capability, skills etc. • The new members will be need to be presented for ministerial approval. <p><u>Annual Appraisal:</u></p> <ul style="list-style-type: none"> • MR confirmed that the annual appraisals will take place in January. Secretariat will contact Board members to identify any opportunities for face-to-face meetings where they are in London on other business. Where this is not possible, appraisals can be by telephone. • MR proposed to exempt new Board members (PK and DB) and departing Board members (AR and DS). 	<p>AP12/071216</p> <p>AP13/071216</p> <p>AP14/071216</p> <p>AP15/071216</p>
<p>Agenda item 12</p>	<p><u>Contract re-tendering:</u></p> <ul style="list-style-type: none"> • DH left the meeting to ensure that TP are in the same position as other potential providers within the re-tendering exercise. • The Board noted paper 16 which expanded on information provided previously. • The Department is to establish a Project Board to manage the re-tendering process, recruiting a procurement specialist to lead the exercise, which will include a business case to Cabinet Office setting out all available options and their recommendation(s). • The paper sets out the anticipated advisory role of the TPSPB, 	

	<p>providing advice to the Secretary of State. The role of the sub-committee will be to scrutinise how the Department identifies and specifies what service is required, and will have an assurance role around ensuring the exercise is delivered on time, that appropriate risks are identified and managed, that governance arrangements are in place and procurement protocols are followed.</p> <ul style="list-style-type: none"> • The Board were content that the paper set out more detail of the timetable and agreed that, as the main role of the sub-committee would commence in summer/autumn 2017 when the Target Operating Model is due to be developed, the sub-committee should be established in the summer/autumn of 2017 when new members of the Board are in place. • The Board recognised that there would be scope for developing the sub-committee role as the project rolls forward. • JR noted that the Department would seek input and opinions from other stakeholder groups but that ultimately it is the Department that procures the contract. The role of the Board will be to seek assurance not direct operations or make procurement decision, but the Board has an important role in representing the views of employers and members. • SJ noted that the formal position is to protect the position of the Secretary of State as Accounting Officer. • It was agreed to discuss progress at the next Board meeting in April, and that the Department would prepare an update paper for consideration to include a simplified version of the business case stages and the timetable. 	<p>AP16/071216</p>
	<p>The next meeting will take place on 26 April 2017. Room LG 03:04 DfE Sanctuary Buildings, London.</p>	

Minutes agreed (Chair):

Michael Richardson

Date: 14 December 2016

<p>Minutes circulated to Board members for review on : 21 December 2016.</p>
<p>Minutes agreed by TPSPB at 26 April 2017 Board meeting, subject to the following changes:</p>
<p>Once agreed, the minutes will be signed by the Chair, uploaded to the Governance area of TP's website (being redacted where required) and hard copy securely stored.</p>

Final Signature:

Michael Richardson

Date:

7 May 2017