

**Teachers' Pension Scheme Pension Board (TPSPB)
Managing Risk & Internal Controls Sub-Committee**

15 December 2021 - (by Teams teleconference)

Present:		
Susan Anyan	Independent Pension Specialist - Chair	SA
Kate Atkinson	Member Representative	KA
Simon Lowe	Employer Representative	SL
Chris Jones	Member Representative	CJ
Amy Gibbs	TP Head of Governance and Risk	AG
Keith Barker	TP Head of Scheme Finance & Payroll	KB
Richard Lees	DfE Finance Manager	RL
Anna Alderson	DfE Programme Management Office	AA
Kathryn Symms	DfE Casework & Correspondence & TPSPB Secretariat	KS
Kelly Elliott	Secretariat	KE
Apologies		
David Butcher	Employer Representative	
Alan Hunt	DfE Contract Team	

	Item	Action
Agenda Item 1	<p>Welcome and Apologies:</p> <ul style="list-style-type: none"> SA welcomed those in attendance; and accepted apologies from David Butcher and Alan Hunt. The minutes from 22 September 2021 were ratified. CJ clarified with AG that although initial work on Transitional Protection casework has commenced, members will not receive communications about their options until after October 2022. 	
Agenda Item 2	<p>Actions from the previous meeting:</p> <ul style="list-style-type: none"> MR2/220921 – AA confirmed that the risk around capacity planning and resourcing on the bereavements team and the contact centre has been reviewed and revised to ensure the controls and mitigations are more robust. SA noted that the SLAs measuring the performance of those teams was improving. The sub-committee agreed that all other actions were closed. 	
Agenda Item 3	<p>Programme Management</p> <ul style="list-style-type: none"> SA invited AA to discuss the key points of the executive overview of the Programme. (Paper 7) AA reported that the Programme is progressing well against the plan. The Transitional Protection re-planning exercise is ongoing following the revised timing of the Finance Bill. TP and AA are working to ensure that TP's re-planning meets the overall deadline of the Programme – ie April 2025 (six months before the contract expires). DfE and TP are currently working through the “burn down” planning – which is progressing well. Recruitment of staff for Transitional Protection casework (group 5, 6 and 2022 transition) has begun, so the work will start as planned. The Programme includes the Omni Channel project which was (soft) 	

	<p>launched in mid-September, with the full launch in November landing well with the membership.</p> <ul style="list-style-type: none"> • The new methods of authentication for MPO access are undergoing final testing and will go live in January 2022. The accompanying communications are being prepared and will ensure the membership understand the security changes and the options available. This is a slightly later launch date than was planned due to competing priorities. • AA drew the sub-committee's attention to the amber rating of all three main risks in the paper's annex – commercial, policy and resourcing. Although they are being appropriately managed, they are complex and have wider implications – it is therefore felt that amber rating remains appropriate. • AG advised that Jane Mustill, TP's Programme Manager, is working well with the Department's PMO team. Their work has included formalising the decision and escalation governance routes. • Capita's PMO and AG's (TP) team are standardising and clarifying risk management, to ensure the governance arrangements are clearer. <ul style="list-style-type: none"> • CJ asked for a summary of what the draft Bills will cover. AA explained that the Public Pensions and Judicial Offices Bill will enable Schemes to correct the discrimination of the 2015 Reforms; and the Finance Bill – due in Spring – will cover the financial aspects of the rectification, such as tax and interest. • The subcommittee confirmed that it was satisfied that communications planning was on track to ensure members and employers would remain well-informed. • SA enquired whether the "Balancing" CAN was on track, as this had been due to be signed on 10 December. AA explained that the Department's Commercial team were still considering Capita's proposal, but that she was not concerned about the short delay. <ul style="list-style-type: none"> • The sub-committee agreed that an "at a glance" view of the Programme should be prepared for the next Board meeting. • The sub-committee agreed that otherwise the executive summary provided a reassuring, robust and clear overview of the Programme. 	MR1/151221
Agenda Item 4	<p>Forward Work Plan Topic: Risk Appetite</p> <ul style="list-style-type: none"> • AG explained that the TPS operates within an approved risk appetite framework, which is overseen and agreed by the Quarterly Strategy Board. It is delegated and operated at working level by the Risk Committee. The risk appetite helps the administrator when making decisions. • In terms of the Six Strategic Objectives – the framework assists in setting measures and applying scores, though the Objectives themselves are not assessed as risks. • The Risk Register entries are each assessed in line with the risk matrix, with all (net) risks being assessed against the risk appetite. • KA found the paper useful, but sought further clarification on QSB's role. AG explained that QSB gives direction by determining the risk appetite across the various areas of focus: Strategic, Operational, Finance, Compliance and Commercial. This makes it clear where the QSB is not prepared to take any risk, or the areas where the net risk does not necessarily have to be "low". 	

	<ul style="list-style-type: none"> • CJ queried how the capability of TP managing risks was controlled. AG explained that the Department focuses on how effective the mitigations and controls of gross risks are in bringing down the net risk to a level that is acceptable. • The Risk Committee meets monthly and ensures that scoring of all the new, high and medium risks is in line with the matrix. Low risks are regularly considered separately by correspondence. • The QSB is responsible for the overall risk management framework (ST03). SA queried how the QSB assured itself that risk appetite was set appropriately and was being adhered to. AG agreed that an annual report to QSB might be helpful in demonstrating that was the case. The sub-committee suggested that an holistic statement of assurance should be considered. 	
Agenda Item 5	<p>Forward Workplan 2022</p> <ul style="list-style-type: none"> • KS presented the sub-committee's suggested forward workplan for 2022. • There was some discussion about the Pensions Regulator's new guidance, due in Summer 2022. SA explained that at the October Board meeting, she had raised the question as to whether the TPS was required to carry out its Own Risk Assessment (ORA). KS had since researched the regulations and confirmed that the TPS was not bound to do an ORA. • Instead, during the first quarter of 2022, a GIAA audit will take place. KS will ask that GIAA consider whether there are any best practice elements of the ORA that GIAA could include in their audit. • SA agreed that this was helpful, but observed that the new Code generally will also need to be assessed to ensure there are no new/additional requirements that the TPS need to take account of. KS assured the sub-committee and DfE and TP will do so. • The 2022 forward workplan was agreed by the sub-committee. 	
Agenda Item 6	<p>Quarterly Report – Streamlining</p> <ul style="list-style-type: none"> • It was agreed that, whilst there is some duplication of data in the quarterly report and the dashboard, board members were content with the quarterly report in its current format. • However, it was agreed that annex B – the summary of meetings that have taken place throughout the relevant quarter - would no longer be provided. 	
Agenda Item 7	<p>Review of Papers 4, 5 & 6</p> <ul style="list-style-type: none"> • The sub-committee noted that much of the content of the dashboard had been discussed already but the following matters were also considered: <p>The quarterly report:</p> <ul style="list-style-type: none"> • Valuation: the sub-committee received assurance from AA that the Valuation was on track to be implemented in April 2023. GAD is currently working with data provided by the Scheme. • The outcome of the SCAPE rate consultation is yet to be published. The risk that employer contributions may increase is being monitored so that the impact on schools, the Department (through the DfE Finance Boards) and scheme finances will be managed. For example, the Department is aware of the Girls' Day Trust School (23 schools) is 	

	<p>currently consulting on leaving the TPS.</p> <ul style="list-style-type: none"> • CJ also raised the issue that post-92 universities might set up subsidiary companies to employ staff, so that they did not have to enrol them in the TPS, thus there was a risk of a diminishing membership in the HE sector. • AA assured the sub-committee that the Department was alert to the risks which are being discussed and managed through the policy team, and is regularly discussed with the Scheme Advisory Board. • The sub-committee noted the possible risks and impact of two current court cases on the (2016) Valuation. Further information will be included in the next quarterly report, as usual. • EOYCs: KB discussed the MI reporting that has enabled TP to track employers who have failed to meet deadlines in previous years. The Employer Relations Team has set up appointments with 15 of those employers to help increase the EOYC return rate. • The MI reporting has also enabled TP to ascertain where schools have closed or merged and therefore there is no need for an EOYC. • MCR: SA enquired about payroll providers and unexpected difficulties that they were facing in automating their software. KB assured the sub-committee that TP was working with payroll providers to reach a solution. • This issue has led to some scenario planning at TP – ie establishing which employers would not be onboarded by April, and whether to re-plan onboarding to a longer deadline. This is because some of the employers are local authorities, with a high volume of staff which will inevitably lead to many queries being raised in a short timeframe if the deadline is not extended. KB explained that he needed to ensure that his team had capacity to deal with the potentially high number of errors being identified at the same time. • The MCR Steering Group will be given a recommendation as to the best way forward, and the matter will be decided at the Steering Group's January meeting. • Even if the deadline is extended, communications to employers would be delayed until the end of January so as not to discourage those trying to meet the January deadline from doing so. • OBR: There had been only minor comments received on the Autumn OBR, and TP is now set up for the Spring OBR. • KA expressed concern at the volume of identified gaps in service – although the sub-committee was pleased that there was a reduction from 1.6M to 1.1M. AA explained that this is an ongoing process on gaps in service before 2014. Where TP identify a gap in service, a query is raised with the employer and the member record can then be cleansed. • AG added that there was not always a genuine gap in service history – sometimes the member had in fact left employment. Member self-service will potentially help where there is a genuine gap because the member is also likely to push their employer to provide TP with the correct information. <p>The Issues Log:</p> <ul style="list-style-type: none"> • AA explained that the Issues will be closed at the next Service Delivery Board meeting because the reporting mechanism to DfE for immediate detriment casework has now been agreed. • CJ asked about the HMT consultation which is consulting on a new approach to tax relief at source. AG acknowledged that this would be 	
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	complex for employers – for example, those employing part-time irregular members – ie supply teachers, as CJ mentioned.	
Agenda Item 8	<p>Review of Operational and Strategic Risk Registers</p> <ul style="list-style-type: none"> • SA commented that whilst the quarterly report needed to have a cut-off date for content and data, she had asked the Department to use Annex A of the report to provide a current (more up-to-date) position of the five top risks. • The Risk Register and the Dashboard would continue to align. • Annex A highlighted that OP015 had recently been updated to “low” because (for now) staff absences are low. • AG gave an overview of recent changes to the Risk Register: <ul style="list-style-type: none"> • HR03 – in light of increased employer engagement, the risk around EOYCs has been reduced from medium to low • OP02 and OP08 – changes to the employer portal have reduced the risk to data security – the risk has reduced from medium to low. • As noted by SA, OP015 has been removed from the top five risks. • The sub-committee agreed that for now, the top five risks seem right but noted that the Omicron variant of COVID-19 could affect the position over the next quarter. • AG assured the sub-committee that very few staff were working in the office, and that they were socially distanced. She confirmed that TP and the Department will be monitoring this risk closely, and that it may reappear in the top five. • AG also confirmed that the Business Continuity Plan would be deployed if there was mass absence. TP is already working with the Department to ensure there is agreement in what work would be scaled back if needed, and what are the key priorities. • KB advised that for pension payments, there is a 9-day buffer, and that where necessary other Capita staff in Darlington or a different payroll team in Sheffield could be called upon. 	
Agenda Item 9	<p>Finance - Summer Update</p> <p>RL gave an update, as follows:</p> <ul style="list-style-type: none"> • This is a relatively quiet period in the financial cycle. • Operationally, performance is stable with the amber ratings indicating that TP is not where they want to be with certain projects, rather than there being any financial issues. • He reiterated that the Autumn OBR was successfully delivered with minimal challenge, and added that the Spring exercise is underway and on track to meet the deadline in mid-January. • The Department is working with GAD to develop a clearer understanding of any potential impact of McCloud/Goodwin cases on the medium-term forecast. • This is an important exercise because the data also feeds into the Spring Supplementary exercise which will commit the Department to an agreed expenditure level for the scheme with HM Treasury should the TPS need more funding in the current financial year. • Audits and Accounts: The appropriate governance structure is in place, with Boards established. Deloitte was on-site w/c 15/11 to undertake their planning work and so far, the process has been running smoothly. 	

	<ul style="list-style-type: none"> The single audit finding in the 2020-21 audit report - one case Deloitte found to have been miscalculated - has been investigated by TP and controls reviewed and reported to NAO and the Department's Audit and Risk Committee. GIA Audit Plan: RL thanked sub-committee members for their comments and invited any further comments as soon as possible. The Plan will be signed off shortly and SA agreed to report through the full Board meeting in January that the sub-committee was assured by the proposed plan. 	
Agenda Item 10 and 11	<p>Agree whether any individual papers or presentations should be shared with the rest of the Board for information:</p> <ul style="list-style-type: none"> GIA Audit Plan Programme Management Executive Summary – with “at a glance” plan Risk Appetite <p>Three issues to report to the Board:</p> <ul style="list-style-type: none"> Programme Management Risk Appetite Reporting Risks (Annex A quarterly report) GIA Audit Plan 	MR2/151221
Agenda Item 12	<p>AOB – KS confirmed that whilst it was hoped that face-to-face meetings could commence in March 2022, the arrangements will be confirmed in the new year due to the prevalence of the Omicron COVID variant.</p>	
Next meeting	23 March 2022 – arrangements to be confirmed	

Minutes agreed by Chair: *Susan Anyan* Date: 22 December 2021

Confirmed by circulation to sub-committee members on: 22 December 2021

To be ratified at sub-committee meeting on 23 March 2022