

Teachers' Pension Scheme Pension Board (TPSPB)

ELEVENTH BOARD MEETING: 17 January 2018

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)	KC
David Butcher (employer representative)	DB	Fiona Laundry (DfE – Secretariat)	
Roy Blackwell (employer representative)	RB	Kathryn Symms (DfE – Secretariat)	
Jerry Glazier (member representative)	JG	Sue Crane (DfE Senior Contract Manager)	SC
Julie Huckstep (member representative)	JH	Shaun Robinson (DfE commercial project lead) - for the commercial update only	SR
Iain King (DfE representative) 1415-1500	IK		
Chris Jones (member representative)	CJ		
Trefor Llewellyn (employer representative)	TL		
Lee Probert (employer representative) until 1500	LP		
David Trace (member representative)	DT		
Dave Wilkinson (member representative)	DW		
Jackie Wood (employer representative)	JW		

	Item	Action
Agenda item 1	<p><u>Introduction, attendance, apologies:</u></p> <ul style="list-style-type: none"> JR advised the Board that Minister Gibb wishes to meet the two leading candidates before making a decision on who appoint as the new chair of the Board. Arrangements for this were underway, and it was expected that the new chair would be in post for the next TPSPB in April. Should this not be the case there are provisions in the ToR to seek a volunteer to chair the meeting. JG noted that it would be useful to include in the induction programme informal meetings with other Board members, and JR confirmed that meetings with MR were already included in the plan. It was noted that the next sub-committee meetings might provide a useful opportunity for the new chair to meet other Board members. <p><u>Minutes of the previous meeting:</u></p> <ul style="list-style-type: none"> The minutes from the 18 October 2017 meeting were agreed. <p><u>Register of Interests:</u></p> <ul style="list-style-type: none"> There were no comments. 	AP1/170118
Agenda item 2	<p><u>Update on action points:</u></p> <ul style="list-style-type: none"> KC confirmed there were four on-going items, three of which were due to be discussed in more detail under specific agenda items. JR covered the fourth, informing the Board that he is due to meet with the Prudential on 18 January. The presentation to the Board by the Prudential on fund options is still planned to go ahead after the proposed changes have been discussed and agreed at MAG. JR also advised the Board that the Prudential has recently formed a new partnership with Tata Consultancy Services. 	AP11/260417 & AP7/120717

<p>Agenda item 3</p>	<p>Presentation: The cycle of Contract Management</p> <ul style="list-style-type: none"> • SC gave an overview of the current governance structure, highlighting her core role of holding TP to account regarding the delivery of value-for-money TPS administration, and how she achieves this through a partnership working approach. She agreed to update the governance slide used in her presentation to include the sub-committees. • She explained that the primary vehicle for holding Capita to account is the monthly Service Delivery Board (SDB) attended by all TP’s client delivery teams along with key risk and contract managers from DfE; this monitors performance against KPIs and SLAs. • Under this sit a range of peer-to-peer groups and project Boards for in-depth review and discussion of associated risks. • She and colleagues distil the key issues and points from SDB and the other committees /project boards into the quarterly TPSPB reports. She highlighted that the recent improvements to sub-committee reports, now include detail on the output from these meetings to provide additional clarity. • TL questioned whether there was a case for closer relationships between the SDB and the Service Delivery sub-committee, but LP noted that this may lead to a blurring of boundaries. JR confirmed the standing invitation for Board member to attend SDBs or the Quarterly Strategy Board (QSB) as observers. • SC went on to outline the escalation routes to QSB and Executive Review, and she used the example of “2nd bite” to illustrate how the issue was dealt with at different levels of that governance structure. • SC noted that currently two issues were escalated to QSB and none is currently with the Executive Review. She highlighted that Outcome Measures are important to provide reassurance around how the service is being delivered. • Partnership working is a key feature of the relationship between DfE and TP, and carries an associated Outcome Measure. This approach is endorsed by Cabinet Office’s Strategic Partnership Working initiative and is being promoted across government. DH and SC have been invited to feedback to Cabinet Office on how they have achieved, and continue to develop, this approach. • SC and DH confirm that this approach provides a mechanism to focus on certain issues and have challenging, constructive, conversations, and this is supported by the robust governance structure which sees daily engagement between DfE and TP teams that both deals with issues and responds to challenges as they arise. • SC and DH talked about the advantages of this partnership approach and there was a discussion around how things could be improved e.g. by looking for warning signs for future problems (learning lessons from the recent telephony issue). • There was further discussion on resources and it was noted that there is a balance to be struck between pursuing the digital agenda and securing the resources to achieve this. SC confirmed there are currently resourcing negotiations underway to support the telephony solution and the broader issue of the increase in the numbers of members of the scheme. 	<p>AP2/170118</p> <p>AP3/170118</p>
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<p>Agenda item 4</p>	<p><u>Service Delivery & Maintenance of Data sub-committee:</u></p> <ul style="list-style-type: none"> • DW noted that Paper 7 was very informative and drew attention to the governance report (annex 3) - this was a good illustration of the practical day-to-day operation of the governance structure as detailed by SC in the earlier presentation. • The sub-committee had agreed to update the TPSPB on four key items: bereavement cases, telephony, GDPR 12 steps and GMP key risks. • <u>Bereavement cases:</u> SC confirmed that resources have been ring-fenced to deal with outstanding cases and TP plan to clear the backlog by the end of April. • DW mentioned that the sub-committee had questioned TP's assertion that the number of deaths had increased over recent years, but since the sub-committee meeting TP had provided supporting statistics which showed a year on year increase of around 5%. It was recognised that this links to the fact that there are more pensioner members in the Scheme now. • TL challenged TP as to why a 5% increase had not been handled more efficiently. DH confirmed that TP had been "taking the strain" in handling the increased volume, but there was an ongoing resource issue around how to deal with both greater volume and complexity which has the potential to lead to similar pressures as the telephony issue. MR noted that this was a good example of how / where the governance structure and partnership working operates to identify problems, but that the "Machinery" needs to accelerate to finding answers sooner. SB confirmed that partnership working had forced the conversation and the debate around solutions, resources and forward planning. • <u>Telephony update (papers 9a and 10):</u> SC confirmed that the slide-pack used for the telephony session on 13 December had been updated and recirculated (Paper 10). • There was a steady downward trend in the number of complaints and a similar rise in those reporting satisfaction in feedback evaluations, illustrating the anticipated impact of the additional resources. She confirmed that there were currently higher demands for telephony than expected, whilst the additional improvements to MPO are being introduced, but that the temporary resource is dealing with around 9.5k calls each week. • Currently callers are waiting less than 2 minutes on average, although Monday mornings see a peak in caller numbers which impacts waiting time, with some callers waiting around 10 minutes. • Last week 9800 calls were received, 9600 were answered with most people waiting between 2-3 minutes. TP are looking at ways to manage expectations and promote the message to avoid Monday mornings (e.g. temporary messaging). • JR confirmed that the Regulator was content with actions taken to address the telephony problems. • DW highlighted that the telephony data slides provided to the s/c were very useful and all agreed that these should be updated and routinely provided to the sub committees - SC confirmed that these will form part of the Service Delivery sub-committee report going forward. • <u>GDPR update:</u> Paper 11 had been prepared to provide the detail requested by the s/c to supplement annex 2 of the Service Delivery report. All agreed that this was a useful and insightful paper. 	<p>AP4/170118</p>
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	<ul style="list-style-type: none"> • <u>GMP update:</u> will be covered under agenda item 9. • <u>Other issues arising from review of Service Delivery Report:</u> • DB queried whether the anticipated spike in MDC numbers in December had occurred. DH confirmed that currently 85% of the membership are either on-board or in the process of doing so. The remaining employers fall into two groups: those who require support to provide data on a regular basis and those who have not engaged with the process. TP are working to provide help and assistance to the former and considering how to escalate the problem with the latter. • TL asked when the list of compliant software providers would include those servicing the independent sector. DH confirmed that providers are added to the list as their solutions meet the defined criteria. • DW highlighted that the sub-committee had been disappointed to hear that the Regulator has decided to cease sending letters to those employers who have not submitted outstanding contributions. 	AP5/170118
Agenda item 5	<ul style="list-style-type: none"> • <u>Benchmarking (paper 12):</u> • SC confirmed that paper 12 had been circulated ahead of the TPSPB meeting to allow Board members time to review. Highlights include: <ul style="list-style-type: none"> - the gap between TP and our peer group is widening as TP's costs have reduced. - In response to TL's previous request, data comparing the four main public sector schemes is provided at page 7. - The issue of telephony was highlighted as an area for improvement - but the Board are already fully apprised of the issues, steps taken and improvements underway. - The Board agreed that this was a very positive report but noted that there needs to be a balance between the drive for efficiency/value for money and providing sufficient resources to deliver a good service. JR confirmed there were on-going conversations with commercial colleagues in DfE regarding Capita's request to increase resources due to the growth in membership numbers. - JR noted that the benchmarking exercise is helpful in that it provides evidence to help home in on areas where TP could improve. - CJ asked about member tracing and DH confirmed TP is unable to provide the specific data in the format that CEM require to fully answer this point, but that deferred member tracing is being handled in TP through the deferred project which is around halfway complete. - The Board offered congratulations to TP and DfE teams leading on the Benchmarking exercise and for the very good story that the report captures. 	
Agenda items 6&7	<p><u>Information to Members and Communications sub-committee:</u></p> <p>DT highlighted key points from discussions at the IM&C sub-committee:</p> <ul style="list-style-type: none"> • The IM&C sub-committee continue to start their meetings with an interactive, in-depth look at the engagement perspective of different topics to test assumptions. The topic for the last sub- 	

	<p>committee meeting was part-time staff and TP presented on the completion of some recent research, carried out by a third party.</p> <ul style="list-style-type: none"> • The sub-committee agreed the research had been interesting and insightful and provided some good conclusions that could/will be carried forward more widely across TP (e.g. tailored information on the website). • The topic of part-time staff is of particular interest to many Board members and they remain interested in how associated issues develop. CJ noted the increase in part-time members, highlighting that numbers are anticipated to rise, as more people choose to work part time, and questioned how the Board could be more pro-active. • JR confirmed that DfE are already doing work in this area (e.g. the working longer review and the flexible working project) and that the Board should ensure that the pension scheme is reacting to workforce changes. • The sub-committee had revisited the earlier telephony session, DT confirmed that this sub-committee will focus on the “reason for call” section of the data table, as this would help to monitor and focus on the solutions TP is developing. • DT expressed some continuing reservations regarding overlap of subjects between the sub-committees. DW commented that this had been recognised and that sub-committees had agreed to decide which one would lead on each subject as it arose. It was recognised that each sub-committee should also continue to monitor the topic by considering their specific area of focus. • MR indicated that he plans to alert the new chair to this as an issue that might bear further discussion. 	
<p>Agenda item 8</p>	<p><u>Managing Risk and Internal Controls Sub-committee:</u></p> <ul style="list-style-type: none"> • MR praised the new Dashboard summary document as a valuable and useful additional tool to supplement and provide further information on the Dashboard. • JG highlighted key points from discussions at the MR&IC sub-committee: <ul style="list-style-type: none"> - Peter Springhall has now moved on to another post and Neneh Binning has taken up the post of Senior Finance & Risk Manager. - The risk descriptors on the Dashboard had been revised, but the sub-committee had noted nothing of particular concern. A good update had been provided on emerging risks. - Academisation continues with a further increase in academy numbers. 	
<p>Agenda item 9</p>	<p><u>GMP update:</u></p> <ul style="list-style-type: none"> • JR confirmed that on-going issues with HMRC continue and that these are being pursued via MOCOP, the cross-Whitehall policy forum; updates will be provided initially to the Scheme Advisory Board. • The Department has now decided how to manage overpayments which resulted from inaccurate GMP records; this has been approved by DfE’s permanent secretary as accounting officer, but we are still waiting for HMT’s agreement to the proposal. • The Department continues to work with HMT regarding issues about the extent to which the new state pension covers indexation on the remaining elements of GMP and how 	

	<p>equalisation can best be achieved. They are likely to extend the interim solution, which is advantageous to the TPS as it will avoid the situation whereby a long-term solution was being implemented at the same time as we are trying to complete the reconciliation work. It will also help to ensure the right policy decision is agreed.</p> <p><u>2018 Audit update:</u></p> <ul style="list-style-type: none"> • We are now into the winter OBR estimate phase, and the scheme return was submitted yesterday, which accounts for changes to assumptions made by HMT, particularly around CPI and earnings growth. The challenge meeting is due to take place at the end of January; all is progressing as expected and no issues are anticipated. • Progress on the 2017/18 accounts is good, Deloitte are due at TP for two weeks from 12 March. Early testing of the new system using age, premature and Actuarially Adjusted benefit test data has produced positive results that were within tolerance levels. All other aspects of the audit will be conducted within existing arrangements. 	
Agenda item 10	<p><u>Review of sub-committee and TPSPB Terms of Reference:</u></p> <ul style="list-style-type: none"> • At the ToR/ telephony session on 13 December proposals had been made for changes to the generic section of the sub-committee Terms of Reference (section 1:3 update membership, section 4:1 remove reference to limiting numbers on sub-committees and section 4:6 similar changes to remove the reference to restrictions). • It had also been agreed that each of the three sub-committees would separately review their annexes and propose any changes needed to better reflect their role and focus. • All proposed changes as set out in the draft amended ToR were agreed. • It was further proposed to make an amendment to the main TPSPB ToR to include how any serious service issues should be dealt with. A draft new para 4:7 was circulated, by email, ahead of this meeting to all Board members for comment. Further changes to the wording were made following feedback. • The proposed changes to the TPSPB ToR were agreed. 	<p>AP6/170118</p> <p>AP7/170118</p>
Agenda item 11	<p><u>Policy update:</u></p> <ul style="list-style-type: none"> • JR confirmed that the SAB had met on 15 November 2017. • <u>Valuation:</u> JR confirmed that the Valuation Board continue to meet to discuss project progress. The scheme specific assumptions were agreed with SAB on 19 July and have been discussed with the Minister of State - these now need to be confirmed by the new Secretary of State. Once approved, and HMT final directions are made, GAD will complete the final valuation calculations. As things stand, the project is still on track to deliver final results in time for the Spring Statement. • <u>Valuation – Member contributions:</u> JR explained that initial ideas on how to amend the tiers to secure delivery of the 9.6% average member contributions had been discussed with SAB and that a further meeting was planned for early February to consider other options and identify the leading one. He added there was a 	

	<p>general desire to minimise change whilst seeking to protect the lower paid.</p> <ul style="list-style-type: none"> • <u>Exit payments:</u> Arrangements to implement a 95k cap on public sector exit payments and make other associated changes are being driven by HMT. There has been a delay in the legislation involved but progress is now being made. DfE are continuing to review what changes are needed to TPS arrangements, as details emerge from HMT. JR undertook to ensure that employers and members are kept up to date. • <u>2nd bite:</u> JR confirmed that the situation had been resolved for 90k members; with the final 1000 cases being resolved in the next few weeks. • <u>Brewster update:</u> All schemes will now pay survivor pensions in qualifying cases from the date of the member's death, regardless of when a claim is made. Amendments to regulations will be made in due course, and currently TPS is using section 3 of the Human Rights Act to exercise discretion regarding the requirement for a nomination. Supporting processes have now been implemented and all identified unmarried partners who may qualify have been contacted. • <u>Judges and Firefighters:</u> In both cases there has been an appeal against the original decision; the outcome is expected in the Spring. Officials are keeping a watching brief as there may be a requirement to re-visit the 2015 arrangements. • JG noted that it would be helpful from a TPS perspective to understand the resource implications and any contingency /scenario planning that TPS is conducting. • SC confirmed that the topic is on the risk register and JR reassured the Board that some thinking/planning is taking place from a policy perspective, and that he is working at cross-government level on potential issues. • SC undertook to review the risk register and associated controls relating to policy risks using scenarios to develop appropriate controls. • <u>Walker vs Innospec:</u> The Supreme Court's determination in July 2017 was that it is illegal to discriminate on the grounds of sexual orientation. The implications for the TPS is that the male partner in same sex marriages/civil partnerships must be treated in the same way as the female partner in heterosexual marriages. The TPS rules would need to be changed to ensure male spouses of male teachers receive a pension based on service from 1972 (rather than April 1988). However, we are still awaiting advice and a decision from HMT because other public sector schemes are also affected by this judgment. 	AP8/170118
Agenda item 12	<p><u>AOB:</u></p> <p><u>The Cross-Whitehall Schemes meeting:</u></p> <ul style="list-style-type: none"> • JR fed back on this very constructive meeting in November 2017, hosted by Rupert McNeill (Chief People Officer at the Cabinet Office) and which involved the Civil Service, NHS, Armed Forces and Teachers schemes. MR had been unable to attend. • There was agreement that there is more scope to "join up" on administration and procurement issues, although it was noted that all schemes are at different places in current procurement 	

	<p>activities.</p> <ul style="list-style-type: none"> • Cabinet Office suggested, and will lead on, developing cross-scheme meetings to discuss common issues, such as IT and performance measures. There was also a proposal for an annual meeting of all Pension Boards - Cabinet Office to facilitate. <p><u>The Pension Regulator's (tPR) meeting:</u></p> <ul style="list-style-type: none"> • DW fed back on the very interesting Regulator's meeting that he had attended, representing MR. • tPR had covered the annual survey to which 90% of public sector schemes had responded - covering 98% of public sector membership. • tPR commented that one of the biggest challenges for TPS was obtaining data from schools; LGPS had confirmed that they have a similar problem with payroll systems. They recognised there was a need to focus on the 15% yet to on-board to MDC. • tPR had suggested cross-scheme training on common issues such as GMP. <p><u>tPR Annual Survey:</u></p> <ul style="list-style-type: none"> • JR confirmed that the annual survey had recently been completed in respect of the TPS. Officials had worked with TP on the responses, which needed to be completed on-line. MR confirmed he had reviewed the proposed responses prior to the secretariat submitting them. JR noted that while it would be ideal to share with the whole Board, time and the constraints around on-line completion made this difficult. <p><u>Expenses:</u></p> <ul style="list-style-type: none"> • DT informed the group of the on-going problems he was experiencing with timely reimbursement of expenses following the changes DWP had made to their arrangements. • No other Board members had experienced similar problems, but empathised. • JR advised the Board that secretariat has been working pro-actively with DWP who have agreed that Board members can claim expenses once made (i.e. with evidence/confirmation information) rather than wait until the meeting had taken place - this recognised that Board members were often making early bookings to take advantage of value-for-money tickets. Board members could then submit a supplementary claim to cover additional expenses, such as car parking, where receipts are only available on the day. • The Expenses policy will be revised to reflect this provision. • Board members were advised that claims need to be submitted by the 10th of each month for payment at the end of that month. • JR apologised for the on-going delay and confirmed that the secretariat will liaise further with DWP to address DT's outstanding claims. 	<p>AP9/170118</p> <p>AP10/170118</p>
	<ul style="list-style-type: none"> • As it was his last meeting as Chair, MR thanked DH for both his contribution to this meeting and the support he has provided to him, and the Board, since its establishment. • JG took the opportunity to formally thank MR, on behalf of the 	

	<p>Board, for his time as Chair, recognising the skills required to bring together a varied group of individuals to perform as a cohesive group. MR responded by thanking all Board members and officials for making his time as chair enjoyable and reflected on their joint achievement of creating a high performing and effective Board.</p>	
Agenda item 13	<p><u>Commercial sub-committee update:</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(s). <p>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> <p><u>Medical Services contract:</u></p> <ul style="list-style-type: none"> SR confirmed that the current Medical Services contract, held by OHAssist Ltd, provided very good value for money, and should remain outside the scope of the main scheme contract administration. There is a provision in the current contract to extend for either one or two years. OHAssist Ltd have been invited to submit the proposal for both options. <p><u>MR&IC Sub-Committee AOB - Complaint update:</u></p> <ul style="list-style-type: none"> JG noted that the complaint issue had been updated/closed at the last sub-committee meetings, and that an update was included on the (un-redacted) minutes. He felt it was important to note that this incident had established the role of the sub-committee in providing timely information and assurance to the Board. <p>The chair thanked members for attending and the secretariat for excellent arrangements and papers.</p> <p>SB, supported by the Board, reiterated their gratitude and thanks to MR for his time as chair, noting that he is leaving a commendable legacy as the Board is performing at the highest level.</p>	
	<p>The next meeting will take place on 18 April 2018, at DfE Sanctuary Buildings, London.</p>	

Minutes agreed : *Michael Richardson*

Date: 23 January 2018

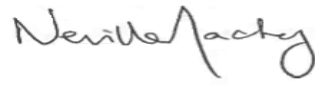
Minutes circulated to Board members for review on 24 January 2018. As a result the following change was made :None

Minutes agreed by TPSPB at 18 April 2018 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:

new chair

A handwritten signature in black ink that reads "Neville Macky". The signature is written in a cursive style with a large initial 'N' and a long, sweeping underline.

Date: 18 April 2018