

Teachers' Pension Scheme Pension Board (TPSPB)
TWENTY FIRST MEETING: 15 July 2020 – BY TEAMS TELECONFERENCE
MINUTES

Present:		Also Attending:	
Neville Mackay (Chair)	NM	Sue Crane (DfE Senior Contract Manager)	SC
Susan Anyan (Independent Pension Specialist)	SA	Paul Faulkner (TP, Director of Operations)	PF
Kate Atkinson (member representative)	KA	Amy Gibbs (TP, Analytics and Risk Manager)	AG
David Butcher (employer representative)	DB	Richard Giles (Head of TP)	RG
Kate Copley (DfE representative)	KC	Jeff Rogerson (DfE Head of Assurance and Planning – TPS)	JR
Julie Huckstep (member representative)	JH	Peter Springhall (DfE Head of TPS Supplier Management)	PS
Chris Jones (member representative)	CJ		
Iain King (DfE representative)	IK	Secretariat (DfE):	
Simon Lowe (employer representative)	SL	Karen Cammack	
Heather McKenzie (member representative)	HM	Ann Ratcliffe	
Ian Payne (employer representative)	IP	Kathryn Symms	KS
Jackie Wood (employer representative)	JW		
Apologies:			
John Pratten (employer representative)			

	Item	Action
Agenda item 1	<p>Introduction, attendance, apologies:</p> <ul style="list-style-type: none"> NM extended a warm welcome to RG, Head of TP, attending his first full TPSPB meeting. RG introduced himself explaining that he has been in post since 1 June and was looking forward to working with the TPSPB. <p>Register of Interests (Paper 2):</p> <ul style="list-style-type: none"> NM was content that none of the declared potential conflicts precluded anyone from participating in the meeting. <p>Minutes of the previous meeting (Paper 3):</p> <ul style="list-style-type: none"> The minutes were agreed as an accurate record of the meeting of 22 April 2020 (having previously been shared with Board members for review/comment). 	
Agenda item 2	<p>Actions update (Paper 4):</p> <ul style="list-style-type: none"> AP1/231019 – JR explained that the next meeting of the Management Advisory Group (MAG), who provide assurance and feedback on the Teacher's Additional Voluntary Contributions (TAVC) provision, has been deferred to September because of COVID-19 restrictions. He will provide an update as soon as the meeting has taken place. 6/230520 – JR explained that the audit report and TP's response had been shared with members within the papers for this meeting, and he would provide an update on the debtor control account issue under AOB. AP9/250320 – PF explained that he is working with the Engagement team to better articulate the issue of missing service on the TP website. He is also working on draft wording to use in complaints/correspondence handling. AP270520 – NM explained that the annual meeting between himself and sub-committee chairs usually takes place in July. However, since all the sub-committee chairs were new in role and had not yet had the opportunity to hold substantive sub-committee meetings, this would be re-scheduled. AP2/220120 – although a closed action NM would like to revisit 	

	<p>this under agenda item 10.</p> <ul style="list-style-type: none"> • AP9/220120 – CJ asked for a further update regarding volumes of accepted schools (i.e. Independent schools that have been accepted into the scheme) that had withdrawn from the scheme and the effect on post-92 universities of potential redundancies. JR thought that around 130 schools had left the scheme with a further 60 considering withdrawal. He noted that the financial impact would not be known until the 2020 valuation plays out, but that any impact on the employer contribution rate was not expected to be significant. • He noted that the consultation on phased withdrawal may have a positive impact on future trends, as it could provide another option for independent schools. The consultation outcome is expected to be announced by DfE very shortly, having been held up because of workload pressures caused by Covid19. He confirmed that there had been plenty of positive communications to schools and to members to make them aware of their rights; HM confirmed the importance of keeping members informed. <i>[Post meeting secretariat note: As at 1 July 2020: since 31 August 2019 - 110 independent schools have left the TPS and a further 56 have indicated their intention to leave at a later date].</i> • JR reminded the Board that for the post '92 universities, participation in the scheme is statutory, but recognised that teaching staff redundancies may impact income from contributions. • KA flagged up a potential issue around the National Tutoring scheme which will provide an entitlement to TPS membership. JR confirmed that he is talking to colleagues taking forward this project and will ensure that TP is kept up to date on progress. 	
<p>Agenda item 3</p>	<p>Strategic Objectives (Paper 5):</p> <ul style="list-style-type: none"> • NM explained, for the benefit of new Board members, that TP and DfE had agreed a list of six strategic objectives in 2017. The TPSPB has been involved in discussions on how success could be measured, and progress reported, and in January 2020 had agreed the core metrics to be used. • Paper 5 sets out the six-month progress and performance. RG explained that the intention was to align all reporting to these six strategic objectives and use existing measures wherever possible. He felt the data provided complements the proposed (new) scheme Dashboard to provide a good overview in a simple yet informative way. • He explained that the report describes each strategic objective, with supporting commentary to provide context and insight. It sets out the measures, targets and RAG rating in table form. He talked through the detail of strategic objective 1 explaining how the results led to the amber rating. • NM queried the practical measures that might be put in place to address the amber-rated objectives. RG advised that regarding Objective 1, which relates to customer satisfaction, the figures had been below the target level due to backlogs which have now been cleared. In relation to Objective 2, he advised that there are two supporting measures, partnership working and the Institute of Customer Services (ICS) survey. In relation to the survey, the staff satisfaction score had been below the target of 	

	<p>60%. TP recognised that the survey had taken place at a time of change to the senior team, with a knock-on disruptive effect. However, the measures instigated in response to COVID-19 including improved communications, engagement with and support for staff had been well-received. An internal survey will be conducted in August to test the impact of these measures, and the ICS survey will be carried out again early next year. NM said the TPSPB felt encouraged because the shortfall had been recognised and positive action had been taken to address it.</p> <ul style="list-style-type: none"> • JR added that DfE had been impressed by the level of engagement with staff regarding what the “new normal” may look like when the time comes to return to the office, but alerted the Board to a possible challenge keeping Strategic Objective 4 at green, due to the high number of projects that are underway. Whilst there is robust programme management, he recognised that it may be difficult to keep all projects green at once. The McCloud and Goodwin legal challenges (see agenda item 5) will present a particular challenge to manage member expectations regarding the administrative practicalities and pace that cases can be reviewed, and this may have a knock-on effect on member satisfaction figures. RG agreed that the level of anticipated activity would present a challenge and highlighted that the Programme Board now meets monthly, rather than quarterly, to keep abreast of progress. 	
<p>Agenda item 4</p>	<p>Independent Pension Specialist (IPS) update (Paper 6):</p> <ul style="list-style-type: none"> • SA reviewed key items from Paper 6, in particular the range of issues that has emerged as a consequence of COVID-19. She highlighted that the TPR has put in place a framework to provide support and temporary assistance to employers and trustees, including arrangements to allow for a short-term suspension or reduction in employer contributions and an option to delay finalising actuarial valuations. TPR has also provided risk management guidance, advice on pension scams and guidance on audit requirements. • JR noted that from a TPS perspective issues have been managed via the schedule of extraordinary TPSPB meetings and also that many of the TPR provisions do not apply to TPS employers. For example, funding easement is not being applied to independent schools in the TPS because of the potential impact on other employers; TPS is however taking a sympathetic view regarding recovery if needed. • SA highlighted that DWP has formally launched a call for input on the information that will be required for the pensions dashboard; this will give the industry the opportunity to contribute to discussions. JR advised that the department is contributing via the MOCOP cross-government network and will ensure that practicalities are addressed. NM reminded members that this DWP Dashboard is a planned facility for individuals to see all of their pension savings details in one place. • SA noted that the updated CMI mortality projection model is topical and includes information for 2019. The data is used by pension schemes to estimate the longevity of scheme members. 2019 figures were almost 4% lower than in 2018, which is the largest annual improvement in mortality seen since 2011. It was noted that COVID-19 could, of course, affect whether this trend 	

	<p>continues. JR advised that TPS figures are compiled by GAD, the current figures being based on ONS 2019 data which continued to show a slowing down in the rate of improvement. Further updates from ONS will be received before, and feature in, the next scheme valuation, and whilst increased longevity is obviously a positive thing it would create an upwards pressure on scheme costs.</p>	
<p>Agenda item 5</p>	<p>Scheme Advisory Board (SAB) update: <u>Transitional Protection (McCloud)</u></p> <ul style="list-style-type: none"> • JR confirmed that the written ministerial statement is due to be issued on 16/07/20; this will launch the consultation to determine which remedy to use to rectify the transitional protection issue. The two options mentioned at previous Board meetings remain: 1) members make an immediate choice of scheme for the period 2015-2022, or 2) members defer the choice until retirement. • There will be an administrative impact for either option. On balance DfE supports option 2 as providing members with the better opportunity for a considered choice based on their actual career. It would also negate the possibility of further legal action where a member subsequently felt they had made the “wrong” choice under option 1. • The result will be determined via this public consultation and a clearer picture should emerge next year. However, DfE and TP are already forward-planning, building in flexibility to cater for either option being chosen. Immediate detriment cases are already being identified for action once the consultation is concluded (i.e. where retirements have already taken place). • Communications for members and employers will be placed on TP’s website from tomorrow, and it is expected this will include an announcement regarding a lifting of the pause to the cost cap, along with government’s plans for a GAD review of the methodology. • JR explained that the cost cap is a mechanism that manages the balance between employer and member costs, and that there was now a need to re-run the 2016 cost cap calculations taking account of McCloud costs as an employee related cost. He added it was too early to predict the outcome, and the Board will be kept updated as progress is made. • The Board noted the update and reiterated its request to be kept up to date with any significant developments. <p><u>Legal Challenge (Goodwin)</u></p> <ul style="list-style-type: none"> • JR reminded the Board that this is the equalities case about widowers’ benefits, details of which were set out in an email circulated to Board members on 14 July. As the government has conceded the case, TPS regulations will be amended to reflect the changes. • For TP this means that a significant number of cases will need to be re-worked once a commercial arrangement is in place. The number involved will be known shortly. He reassured the Board that, whilst the work involved will be significant, this is not of the same scale as posed by the McCloud judgment. • JR reiterated the impact on the scheme accounts which will now be laid in September. GAD is working to calculate the potential 	

	<p>costs which will be reflected in the accounts as a provision.</p> <ul style="list-style-type: none"> • The Board noted the update and reiterated its request to be kept up to date with any significant developments. • NM reminded the Board that they had requested a McCloud update at each TPSPB meeting, and his expectation is that once the solution has been determined a more detailed operational plan will be developed. The sub-committees will look at aspects of the rectification project in due course. • JR confirmed that a McCloud Project Board has been established and expects a similar Board to be set up for Goodwin. DfE will provide details to the TPSPB on an ongoing basis. He proposed that there be a standing agenda item on both for future meetings and that it may be opportune for the Board to consider a paper on the McCloud project at its next meeting. The Board agreed with this proposal. 	<p>AP1/150720 AP2/150720</p>
<p>Agenda item 6</p>	<p>Scheme Dashboard (Papers 7, 7a, 7b): <u>Performance update</u></p> <ul style="list-style-type: none"> • SC took the Board through papers 7a and 7b (which set out TP’s performance during May and June), she explaining that she uses paper 7a to take assurance that TP is staying on top of work received and therefore backlogs are not building up. On paper 7b she highlighted SLA 3 which had peaked as a result of seasonal work around tax year changes. • She also noted the bereavement SLAs 4b and 4c which had dipped a little. PF explained that there had been an increase in numbers (April - 1900, May - 2200, June - 2800), so more work was being processed. He also noted that some cases were awaiting third party information so will feature as “target fails” in the future. • NM queried why SLA 4b regularly features as a concern. He noted SC’s comment that a number of cases just miss the 7-day target but wondered whether the root cause was a lack of expertise/knowledge or staffing levels. PF confirmed it was a combination of these reasons as the new staff on the team were on a “learning curve”. However, as training is now complete, he expected to see improvements to the numbers of cases handled. • NM remarked that overall, this was an encouraging and positive picture on performance, and that the Board can take assurance from the actions TP is taking to address areas affecting outputs and outcomes. <p><u>Paper 7</u></p> <ul style="list-style-type: none"> • Paper 7 set out a proposal for what the scheme Dashboard might look like. NM reminded the Board that an A3 scheme Dashboard is normally prepared, initially for the sub-committee meetings, to provide a snapshot of TP’s performance in the last quarter against key strategic, financial, and operational objectives and the key risks. There had been earlier discussions regarding the format of the Dashboard and for the previous meeting a “stripped down” version had been prepared for consideration. For this meeting a fuller but more “screen friendly” (dummy) version had been prepared for discussion. • AG explained that the Paper had been split into six sections with 	

	<p>commentary to provide context. The paper also incorporated the tracker information in paper 7a and a summary of strategic objectives. Additional information included descriptions of SLAs, information on outcome measures related to strategic objectives and key financial metrics. The risk management section includes information on the prevalent risks agreed at the risk committee.</p> <ul style="list-style-type: none"> • NM commented that whilst the original idea had been a slimmed down Dashboard for reporting by exception, this version is an informative and useful report. JR added that it skilfully sets out more information, giving a snapshot position with detail; and is a summary paper of the quarterly report. • Board members agreed that the report was clear, useful and easy to understand. All agreed it was more useful, and user friendly, than the A3 version. JW advised that seeing the whole year rather than the current and previous quarter would be helpful to determine trends, as would more percentage points (on the graphics within the employer section for example). AG advised that these would be simple amendments to make. • There was general support for the layout; Board members liked the fact there were employer and member specific sections. • NM concluded there was a general preference for the new format and was happy to adopt this in place of the A3 version, and trial it for a few meetings. He asked whether the Board felt that circulation of the quarterly report was also still required for TPSPB meetings, the general consensus was that it proved useful as a background paper. 	<p>AP3/150720</p> <p>AP4/150720</p>
<p>Agenda item 7</p>	<p>TP Update: <u>CAY</u></p> <ul style="list-style-type: none"> • RG explained that Current Added Years (CAY) was a provision that enabled individuals to cover gaps in service for up to three years in the UK or six years abroad, which was closed to new applications in 2006. A formula was used to determine the salary to be used for contribution and pension purposes; in effect to make sure it rose in line with wage inflation. A review was undertaken as a result of an individual case and it was discovered that the automatic calculator routine, introduced in 2005, was working incorrectly, and 293 pension members were affected. There is a £1.3 million overpayment in total: most are very small adjustments and overpayments, but around 20 are more material (+£10k). TP is starting recovery work next week to meet their obligations for the management of public money. However, RG acknowledged the need for sensitivity and advised that those with higher value debts to the scheme will receive a call from a member of TP's Senior Management Team ahead of a letter setting out the issue. TP will be reporting progress to the department each week. • RG advised that TP plan to notify TPR although it is not thought to be a formal notifiable event. NM acknowledge that this was a sensitive issue, but he was assured that TP were tackling the issue appropriately, balancing the Treasury obligations to clawback overpaid funds with the need for sensitive discussion with the affected scheme member, in order to determine their financial circumstances and agree a repayment schedule. 	

	<p><u>Post-COVID-19 modelling</u></p> <ul style="list-style-type: none"> • RG recapped that over 95% of TP staff have been working from home since March 2020; this has been working better than expected, however TP is now starting to develop their return operating model. • RG reported that in a recent staff survey only 6% wanted to work from the office full-time, but questioned whether this may rise as COVID-19 subsides. Most expressed a preference for part office/part home working. TP is therefore looking to develop a more agile working solution to implement from late 2020/early 2021. • NM observed that training and development, particularly of new staff, might present a challenge and HM highlighted equality issues, in particular for women, who are often impacted more when working from home. RG assured the Board that staff wellbeing is a key concern and that equalities issues would be taken into consideration. • NM indicated the Board would be interested in a paper setting out the intended way forward to provide assurance that business and operational risks are being appropriately managed. • JW enquired about the Employer support helpline. PF confirmed that progress had been made and TP plans to re-open the line during late August. 	AP5/150720
Agenda item 8	<p>Sub-Committee update:</p> <ul style="list-style-type: none"> • NM invited Board members, and sub-committee chairs, to raise any items following the extraordinary meeting in June, which had incorporated sub-committee issues. He re-iterated that a more normal regime would come into play from now on with separate sub-committee meetings in September. No specific issues were raised, and Board members signalled they were happy with actions taken and the information provided. 	
Agenda item 9	<p>TPSPB Terms of Reference (Papers 8 & 8a):</p> <ul style="list-style-type: none"> • KS explained that Paper 8a showed the mark-up of proposed changes to the Terms of Reference. Some of these were minor but there were some key areas which she wanted to highlight. • She outlined the background to the proposed changes to part 3.3 recruitment to the Board. Three member representatives had left the TPSPB in February – replaced by KA and HM (with one vacancy remaining). The recruitment process includes a submission to Minister Gibb for final approval of selected candidates, and during the process he had asked that future campaigns be cast more widely to allow individual teachers to apply, should they wish. NM remarked that this seemed acceptable in principle so as not to exclude any individuals from applying. In response to CJ’s query, he confirmed that future candidates would be selected, as always, on their skills, knowledge and experience and following an interview. • Some concerns were expressed around ensuring candidates had the right mix of skills and experience and KA mentioned the importance of Board members being able to gather grass roots and tangible opinions. NM reassured the Board that the shortlisting, interview and selection processes are very robust and would expose candidates without the requisite skills and 	

	<p>expertise. In practical terms, whilst widening the opportunity, he did not foresee any issues in ensuring the Board continues to appoint good quality candidates.</p> <ul style="list-style-type: none"> • KS explained that at 4.3 additional wording has been included to provide for circumstances, such as the recent COVID-19 arrangements; and that at 8.2, the list of data suggested for annual reporting has been removed to allow the Board to decide for itself what it wanted to report. • In general, the changes were supported, subject to the circulation of the PDF version showing the mark-up, and further opportunity to consider and feedback. 	AP6/150720
Agenda item 10	<p>Commercial sub-committee update: TP colleagues left the conference call.</p> <p>The remainder of this section has been removed to ensure commercial sensitivities are maintained. A full set of minutes (and actions) will be produced from the sub-committee meeting, which took place on the morning of 15 July 2020 and will be shared with Board members. A full version of the minutes will be prepared and shared with Board members, and at the next TPSPB meeting.</p>	
Agenda item 11	<p>AOB: <u>Debtor control update (Papers 9&10)</u></p> <ul style="list-style-type: none"> • JR reminded Board members that the debtor control issue had been discussed previously and related to IT problems where TP's administration system (Hartlink) was not interacting with the finance system (Acclink) properly on some transactions. This resulted in a number of cases sitting in holding (control) accounts. The department had commissioned TP's Internal Audit team (GIA) to carry out a wider review. The GIA report is at Paper 9 and TP's response at Paper 10. The GIA audit report should provide the Board with assurance that the issues have been identified and resolved appropriately. The Board accepted this assurance. • JR advised that each year Capita Employee Benefits wider group commissions a review and this year some shortcomings have been identified (e.g. the physical security of some buildings, although not Lingfield Point, Darlington). Deloitte (the external auditor appointed by the National Audit Office to consider the TPS Accounts) will be working with DfE to understand the issues identified in the annual report. JR assured the Board that TP has different arrangements in some of the key areas identified, with a robust triple level of authentication on payments for example. He does not anticipate any knock-on issues for the TPS and will keep the Board updated on progress. NM observed that with the annual Report and Accounts being laid later this year (as opposed to its usual date of July), it provides opportunity to reflect the outcome of this audit either within the accounts or the supporting management letter. 	
	<p>Neville concluded by thanking everyone for attending and for contributing to an interesting and productive meeting. The next meeting will take place on Wednesday 21 October 2020.</p>	

Minutes agreed: *Neville Jachy*

Date: 21 July 2020

Minutes circulated to Board members for review on 22 July 2020. No changes requested.

Minutes ratified at subsequent TPSPB on 21 October 2020.
--

Final Signature: *Neville Jachy*

Date: 21 October 2020