

## Teachers' Pension Scheme Pension Board (TPSPB)

**FOURTH BOARD MEETING : 9 MARCH 2016**

### MINUTES

<b>Present:</b>		<b>Also Attending :</b>	
Michael Richardson CB (Chair)	MR	David Heslop (Capita TP)	DH
Geoff Ashton (Independent Pension Specialist)	GA	Matt Wood (GAD, for presentation)	MW
Jerry Glazier (member representative)	JG	Ivan Cheary (GIAA – for discussion on audit report)	IC
Naomi Holloway (employer representative)	NH	Stephen Baker (DfE Deputy Director School Employment Division)	SB
Simon Judge (DfE representative)	SJ	Jeff Rogerson (DfE Head of Pensions Policy & Governance)	JR
Trefor Llewellyn (employer representative)	TL	Karen Cammack (DfE - Secretariat)	KC
Alice Robinson (member representative)	AR	Fiona Laundry (DfE - Secretariat)	FL
David Simmonds CBE (employer representative)	DS	<b>Apologies :</b>	
David Trace (member representative)	DT	Marcus Bell (DfE representative)	MB
		Lee Probert (employer representative)	LP
		Dave Wilkinson (member representative)	DW

	<b>Item</b>	<b>Action</b>
Agenda item 1	<p><b><u>Introduction, attendance, apologies:</u></b></p> <ul style="list-style-type: none"> <li>The Chair extended a warm welcome to Jeff Rogerson, newly appointed Head of Pensions Policy and Governance, attending his first TPS Pension Board meeting.</li> <li>The Chair reported that Naomi was leaving the Board, thanked her for her important contribution and wished her well for the future.</li> <li>A proposal for the Board to formally sign-off minutes at the subsequent meeting was agreed. A change to the wording was requested to the record of item 4 (021215) which will be reflected in an updated version. The Board therefore formally agreed the minutes from 2 December 2015.</li> <li>There were minor changes to the Register of Interests circulated prior to this Board meeting.</li> </ul>	AP001/090316
Agenda item 2	<p><b><u>Update on action points:</u></b></p> <ul style="list-style-type: none"> <li>Work will be undertaken to refresh the wording of the skills matrix template reflecting the evolving role of the Board. This to be shared for comment once complete.</li> <li>Further to discussions at the last Board meeting, SB is currently considering a paper proposing that TP is not used as a vehicle for third parties to cascade information to members (e.g. volunteering or donation requests with P60's). It was confirmed that no such information would go out with this year's P60s and that details of the final outcome will be shared with the Board.</li> </ul>	AP 001&2/100215  AP 006/090915

<p>Agenda item 3</p>	<p><b><u>Presentation by Government Actuary's Department (GAD) :</u></b></p> <ul style="list-style-type: none"> <li>The Chair extended thanks on behalf of the Board to Matt Wood from GAD who gave an interesting and informative presentation on the role of GAD in relation to the TPS, including how GAD undertake valuation work and how they work with TP to provide robust annual accounts. The presentation included an overview of the valuation process /timetable, assumptions, the cost cap and factors. Members asked a number of questions, to which Matt and JR responded, in order to inform members' understanding of the issues involved. Secretariat can obtain and circulate slides from the presentation to any who would like a copy.</li> </ul>	<p>AP002/090316</p>
<p>Agenda item 4</p>	<p><b><u>Update on Guaranteed Minimum Pensions (GMPs):</u></b></p> <ul style="list-style-type: none"> <li>JR provided an overview of GMPs covering what they are and the issues that TP are dealing with as a result of the introduction of the new Single-Tier State Pension from 6 April 2016. These include the impacts of HMRC's decision to "turn off" the current provision of data, and the need to ensure appropriate measures are put in place so that male and female members of the scheme continue to receive equal treatment.</li> <li>Within TP a team has been established to handle the reconciliation that is needed in order to ensure the scheme holds accurate GMP data for all affected members. The team is looking at a sample of 11,500 records in order to better assess overall requirements, including any contractual arrangements for this work. The Board requested an update on outcomes from analysis of this first tranche of records at the next Board meeting.</li> <li>HMT recently announced an interim to the uprating and equalisation issues for those reaching State Pension Age between 6 April 2016 and 5 December 2018 (i.e. removes the risk of those members losing out in terms of GMP uprating or of men and women being treated unequally). HMT will be consulting later in the year on a long-term solution to these issues.</li> <li>The costs of the interim solution will impact on scheme costs and will play through into the next valuation; similarly the costs of the reconciliation will need to be met by the administration fee that employers pay. DfE officials confirmed that they had made representations to HMT about these additional costs and that action was being taken to ensure costs are minimised/value for money is achieved.</li> <li>The Board noted the importance that communications will play in alerting members to the issue. Although providing information on the state pension is the remit of DWP, TP is signposting these resources, in particular as part of communications on the ending of contracting out.</li> <li>It was noted that the department continues to work with HMT, HMRC, and other schemes regarding the long-term solution and timelines.</li> </ul>	<p>AP003/090316</p>

	<ul style="list-style-type: none"> <li>• It was agreed that the Board should be kept informed of progress via the quarterly administration update and that the policy report should include information on those policy issues discussed at the Scheme Advisory Board.</li> <li>• The Chair extended the Board's thanks to JR for the informative update and for helping clarify this complex issue.</li> </ul>	AP004/090316
Agenda item 5	<p><b><u>Issues arising from consideration of the Finance, Risk and Audit Report :</u></b></p> <ul style="list-style-type: none"> <li>• It was noted that the deferred project had now been running for a year. Experience gained will feed into a review of targets and the associated risk rating for the remainder of the four years. The project is an important part of work being undertaken to manage debt within the scheme, which remains low overall.</li> <li>• It was noted that, for the third year running, the TPS estimates were not subject to a challenge meeting with OBR – congratulations were extended to all involved for this significant achievement.</li> <li>• It was noted that the changing landscape, due to the rise in academies, might affect the future debt situation. The Board were reassured that TP have a robust on-boarding process to support new academies and minimise such risks. The new Senior Risk and Finance Manager in the DfE Pensions team is also working closely with the Education Funding Agency, and this might provide scope for joining up the range of interventions.</li> </ul>	
Agenda item 6	<p><b><u>Issues arising from consideration of the Administration update:</u></b></p> <ul style="list-style-type: none"> <li>• TP provided an update on the alleged fraud incident. A Court date has been assigned, however it is likely that the case will then be referred to Crown Court. The local press has updated the story and press lines have been developed.</li> <li>• <b>Annex A:</b> TP confirmed that the improvements to the controls framework made to address issues arising from the alleged fraud incident had been approved by both the GIA (TP's internal audit provision) and the GIAA (Government Internal Audit Agency), and provided a suite a tools to address issues highlighted during the investigation.</li> <li>• TP confirmed that information regarding the change to the Pension Input Period has been circulated to members since December 2015. There are three options available to employers regarding the additional salary data requirement for the 1-5 April 2016. Where employers are unable to provide either the data or an estimate, TP will ensure that members are clear about what information has been used and what action needs to be taken if they think there is a risk of breaching limits.</li> <li>• TP and the Department confirmed that there is no intention to report employers to the Pensions Regulator if data for the 5 days is not provided – though it was noted that legislation will make the provision of this data mandatory from 2017.</li> </ul>	

	<ul style="list-style-type: none"> <li>The need for this information arises because HMT have decided that pension input periods should be aligned for all schemes. Board members were concerned that HMT made this decision without realising the impacts on employers. The Department confirmed that such representations had been made but that HMT had determined the changes should nevertheless be made.</li> <li>TP to provide an update on communications at the June Board meeting, including on the wording that is to be used in Annual Benefit Statements.</li> <li>Reporting Breaches section to include comparison data from the previous quarter.</li> </ul>	<p>AP005/090316</p> <p>AP006/090316</p>
Agenda item 7	<p><b><u>Issues arising from consideration of the Engagement report:</u></b></p> <ul style="list-style-type: none"> <li>None – the Board were content with the report.</li> </ul>	
Agenda item 8	<p><b><u>Issues arising from discussion on implementing the role of the Board :</u></b></p> <p>1. <u>Outcome of the Board members' meeting 16/02 :</u></p> <ul style="list-style-type: none"> <li>The Chair thanked Board members for their time and the proposals drafted. He was content to endorse these as were the remaining members of the Board. Members of the 3 sub-committees are: <ul style="list-style-type: none"> <li>i) <u>Managing Risk and Internal Controls</u> (including potential breaches) : AR, JG, LP</li> <li>ii) <u>Service Delivery and maintenance of data</u> (including MDC) : AR, TL, DW</li> <li>iii) <u>Providing information for members and communications</u> (including non-engaging members): DT. JG and NH's successor</li> </ul> </li> <li>A DfE official should be assigned to each sub-committee to act as a point of liaison / facilitator.</li> <li>Each group to nominate who will act as Chair.</li> <li>DfE officials will draft terms of reference, scope and reporting protocols for consideration at June's meeting.</li> <li>A further sub-committee will be established for contract re-tendering. DfE officials to provide a timeline regarding key milestones for consideration in June – this will allow the Board to determine at what point the sub-group should be established.</li> </ul> <p>2. <u>Consideration of the audit report:</u></p> <ul style="list-style-type: none"> <li>The Chair thanked the auditor for his time in compiling the report which was timely and helpful, crystallising the concerns highlighted by the Board during their discussions regarding their role.</li> <li>The report proposes some adjustments / clarifications in respect of the Board's role and a need to review the existing</li> </ul>	<p>AP007/090316</p> <p>AP008/090316</p> <p>AP009/090316</p> <p>AP 010/090316</p>

	<p>governance framework to ensure there is appropriate fit between it and the Board's role.</p> <ul style="list-style-type: none"> <li>• The actions listed are to be owned by SB/JR. Actions 1,2 and 3 are inter-related and officials propose to focus on these during the next 2/3 months.</li> <li>• Officials will draft a paper for the Board's next meeting setting out proposed changes in order to ensure the Board can fulfil its role appropriately, with an accompanying updated organogram (depicting the overall governance structure and the Boards' place within it). Where possible the changes should align with the known roles of other public sector scheme Boards.</li> <li>• Officials will consult with Board members during the intervening period.</li> <li>• In order to review the changes proposed against the audit report it was suggested that a table be drafted to track the proposals, actions and progress.</li> </ul> <p><b>3. <u>Consideration of the assurance role in respect of TPS accounts - update:</u></b></p> <ul style="list-style-type: none"> <li>• This paper proposes changes to the assurance role and reflects the anxieties felt by the Board around their formal assurance role in respect of the TPS accounts.</li> <li>• It was agreed that going forward the Board will contribute to the assurance role undertaken by the DfE by providing comments on the governance and disclosures section of the TPS annual report, which accompanies the annual accounts. This will include contributing towards the governance statement to capture Board priorities and activities – the three sub-group Chairs may be asked to contribute.</li> <li>• The suggestions require a review of meeting schedules from 2017 to co-ordinate these with key financial /assurance events; along with amendments to the terms of reference.</li> <li>• The interim nine-month TPS Governance Statement was not available for the 9 March meeting, so is to be circulated asap to the Board for comment.</li> </ul>	<p>AP011/090316</p> <p>also AP011/090316</p> <p>AP012/090316</p> <p>AP013/090316</p> <p>AP014/090316</p>
<p>Agenda item 9</p>	<p><b><u>Policy update :</u></b></p> <ul style="list-style-type: none"> <li>• SB highlighted the issue of capping public sector redundancy payments. He confirmed that HE, FE Sixth Form colleges and the independent sector, as private sector organisations, are out of scope of the changes.</li> <li>• The department continue to work with HMT on this (capping redundancy payments) consultation, as an update to the premature retirement compensation regulations is likely in order to reflect the proposed changes.</li> <li>• The Scheme Advisory Board met on 2 March. Issues discussed include:- <ul style="list-style-type: none"> <li>- The cap on public sector redundancy payments</li> <li>- Access to the scheme. A paper has been commissioned to look at current arrangements, and to consider all the issues that a change of access might raise, with particular consideration to agency workers.</li> </ul> </li> </ul>	

	<ul style="list-style-type: none"> <li>- Valuation timescales and the assumptions that feed into the process.</li> <li>- Communications regarding Annual and Lifetime allowances.</li> <li>- Issues around the Pension Input Period requirement.</li> </ul>	
Agenda item 10	<p><b><u>AOB :</u></b></p> <ul style="list-style-type: none"> <li>• The continuing low volumes of complaints was noted on the IDR report.</li> <li>• The Chair extended his thanks to report authors for the continuing high quality of the papers provided.</li> <li>• The Chair extended best wishes to Naomi for the future and passed on the grateful thanks of the whole Board for her contributions to establishing the Board.</li> <li>• The Chair reiterated his welcome to Jeff Rogerson.</li> </ul>	
	The next meeting will take place at 1400hrs on Wednesday 15 June 2016, in Sanctuary Buildings Room LG 03 and 04.	

Minutes agreed (Chair) :

*Michael Richardson*

Date : 15 March 2016

Minutes circulated to Board members for review on : 16 March 2016
Minutes endorsed by TPSPB at 15 June Board meeting, subject to the following changes :
n/a
Include any details here:
None
Once endorsed the minutes will be signed by the Chair, uploaded to the Governance area of TP's website and securely stored.

Final Signature:

*Michael Richardson*

Date:

*17 June 2016*