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

23 March 2022 - (by Teams teleconference)

Present:		
Susan Anyan	Independent Pension Specialist - Chair	SA
Kate Atkinson	Member Representative	KA
David Butcher	Employer Representative	DB
Chris Jones	Member Representative	CJ
Susan Fielden	Employer Representative (observer)	SF
Amy Gibbs	TP Head of Governance and Risk	AG
Keith Barker	TP Head of Scheme Finance & Payroll	KB
Jane Mustill	TP Head of Programme	JM
Richard Lees	DfE Finance Manager	RL
Anna Alderson	DfE Programme Management Office	AA
Kathryn Symms	DfE Casework & Correspondence & TPSPB Secretariat	KS
Kelly Elliott	DfE Secretariat	KE
Diana Wray	DfE Secretariat	DW
Lizzy Chard	DfE Policy Manager (observer)	LC
Apologies		
Simon Lowe	Employer Representative	SL

	Item	**Action**
Agenda Item 1	**Welcome and Apologies:** • SA welcomed those in attendance and accepted apologies from Simon Lowe. • She welcomed KA, as the newly appointed vice-chair, and SF to her first sub-committee meeting. • The minutes from 15 December 2021 were ratified.	
Agenda Item 2	**Actions from the previous meeting:** • The sub-committee agreed that all actions were closed.	
Agenda Item 3	**Programme Management** • SA invited AA to discuss the key points of the executive overview of the Development Programme. (Paper 7) • AA reported that the Programme is progressing well against the plan. For the Transitional Protection project, she advised the sub-committee that the Public Services Pensions & Judicial Offices Bill received Royal Assent on 10 March; and the Regulations to legislate for the closure of the Final Salary Scheme were laid on 18 March. • The Finance Bill received Royal Assent in February. HMT will lay the associated Regulations by the end of the summer. The TPS regulations will also be amended later this year to enable the rest of the Transitional Protection work to be completed. • Rectification is due to start in October 2022, but the plans allow flexibility for work to start as late as April 2023, should any policy decisions impact the October 2022 date. Starting later than April 2023 is likely to be problematic because the rectification exercise is unlikely to be completed before the contract end date (30 September 2025).	

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- Work is still ongoing on the final elements of the 'Balancing' Contract Amendment Notice (CAN). The Department is working to a deadline of 31 March for agreement and contract signature.
- Recruitment is going well – with 100 new staff being recruited this quarter.
- AA noted that the Monthly Contributions Reconciliation (MCR) project was not going to plan, but suggested that the topic be discussed in more detail under agenda item 8.
- The Continuous Improvement Project (CIP) Steering Board meeting had taken place earlier in the day. AA updated that the Multi-Function Authentication project, which will provide enhanced security for members accessing their MPO accounts, has been delayed until May 2022. This is due to IT resourcing difficulties which have now been resolved. The Department is confident that May 2022 is achievable.
- Overall the Programme is rated as Amber because of the slower than anticipated progress on the CAN and also the MCR project. Whilst overall the Programme is in a good place, the Department is applying an Amber rating to be cautious. The paper will be updated to that effect before it is shared with the whole Board in April
- CJ was concerned that the delay to the MCR project may mean that members would get incorrect advice about which scheme might be more appropriate for them for the remedy period.
- KS assured the sub-committee that this was not the case. Whilst MCR is a very important project to improve the TPS data, TP actively ensure individual members' employment data is correct at the time of retirement.
- CJ questioned if, upon retirement after October, members would receive two different figures to inform their decision. KS confirmed that this was the case.
- CJ further questioned what would happen to members that retired earlier than October, as they would not have all the relevant information available to them. KS explained that members will retire under the current regulations. They would then become part of the rectification exercise and their circumstances revisited by TP under the new regulations and, at a later date, asked which pension offer they would prefer.
- KA sought reassurance that members that retired soon after 1 October 2022 would not be forced into a quick decision regarding their pension, as they would not have had much time to consider their options. KS confirmed members would have time to consider their options.
- SA noted that there were many scenarios to consider regarding communication with members. AG commented that a lot of work surrounding the member journey had been carried out. For example, ensuring the information was available online and that there was active communication with members in a language that was clear.
- The sub-committee acknowledged that there are a large number of things going on, but were satisfied that the Programme and other TPS projects were being monitored and managed.

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Forward Work Plan Topic: Risk Management Approach

- AG provided assurance that the Scheme's risk management approach is effective. The approach largely follows HMT's guidance (known as the Orange Book), which provides a good framework, but recognises that "one size does not fit all".

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	• TP's approach is well-embedded and the Senior Management Team all take an active part in ensuring that it is not simply a tick-box exercise. This strengthens the management of the portfolio. For example, it is used to support prioritisation of projects so it is clear what needs focus. • TP favour the 3x3 RAG rating – which differs from the Orange Book 5x5 system. AG explained that is not a good use of time to deliberate the correct shade of red per risk, and the 3x3 rating largely avoids such unnecessary complication. • SA queried the governance structure at Annex A. AG explained that there was escalation of issues up from the Service Delivery Board (SDB) to the Quarterly Strategy Board (QSB) and on to the Executive Review, as needed. The QSB and Executive Review also provide strategic direction. AG and AA are the information flow across from that framework and from the Risk Committee to the MR&IC sub-committee. Similarly, AA also provides information from the SDB to the SD&MoD sub-committee. • The sub-committee agreed that this was a useful paper, and although as DB mentioned, the general trend is to adopt a 5x5 RAG rating system, it was agreed that the 3x3 system is working well.	
Agenda Item 5	**Forward Workplan Topic: The Joint Programme Approach** • AA highlighted that the TPS has always had a PMO function, but that following an independent audit, the Department created its own PMO function to work in parallel with TP. The two organisations were able to share best practice, but recently decided to move towards a joint PMO where projects and programmes overlapped. • The joint approach enables challenge and support for one another, and facilitates joint decision-making. It also ensures interdependencies are easily identified. It is a robust process that benefits from this partnership approach. • JM explained that in the six months in her role, she has incorporated some new best practice from wider Capita, for example, a greater focus on milestones. The synergies between the various activities, as well as well-tracked risks contribute to the successful approach. The joint-PMO approach means that issues are discussed and resolved jointly, and prioritisation is clear. • KA agreed that this was the best approach given the increased workload and the constant cross-checking between the PMOs was positive. • SF agreed that the approach was productive but enquired whether there were any further improvements to be made. JM was content with changes she had made – for example, all documents are in one format, and everything is visible to all staff on a shared platform which means everyone can raise risks and issues. AA added that it is a well-organised process with an emphasis on looking forward. • SA clarified that the TPS Portfolio encompassed several programmes, and each had projects beneath them. JM confirmed that was the case, with each project having its own project lead. • SA queried who oversees the whole series of programmes – monitoring all of them in one place. JM explained that oversight is her role, but that Capita Pensions Solutions has a PMO and Change Board which she also works within. For example, the procurement exercise is not within her management control but she is well aware of how the exercise is progressing so that she can monitor any potential impact on Business as	

	Usual. • AA explained that the Department has its own internal Portfolio Board which also considers DfE-only projects (for example, Regulations and the procurement exercise), as well as the Joint Portfolio Board. • There was some discussion about project management terminology. It was agreed that the TPS has a portfolio consisting of several programmes and projects. AG raised that TP is impacted by the procurement as Capita is the incumbent, and agreed that a consistent approach was required. The sub-committee agreed that the procurement project should be shown on Annex B of paper 7 so that the sub-committee could see everything that is happening across the TPS on one page. • SA queried whether there was any external oversight of the Programme. AA explained that the Directorate has its own portfolio team and compliance officer who provides challenge as to whether the various projects are on track. The Major Projects Unit (MPU) require formal reporting on the Procurement and the Transitional Protection projects – this team also provides support and challenge. The independent audit later this year will examine the governance structure so there may be changes as a result of any recommendations as a result of that. • KA asked whether the Directorate compliance officer provided objective challenge as it was within the Department. AA reassured the sub-committee that the challenge was real. She also mentioned that Major Projects Unit provide external challenge as the Unit is part of the wider Government Major Projects Portfolio, and therefore reporting through the MPU provides another level of assurance. • KS also mentioned that where appropriate, an external person may be invited to join boards – for example, an NHS scheme official is a member of the Commercial Board. • The sub-committee concluded that they were satisfied that the risks are being managed effectively.	MR2/2503 22
Agenda Item 6	**Review of Papers 4, 5 & 6** The quarterly report: • CJ drew the sub-committee's attention to the c300 independent schools that have left the scheme in the last couple of years. He asked if this presented a risk to the Scheme. SA recognised that this was very difficult for the members concerned, but that it would not impact the Scheme materially. • AG noted that there was a specific risk relating to this issue on the Operational Risk Register. One of the mitigations is that TP tries to discourage schools from doing so, for example, the stakeholder lead makes clear what withdrawal means to members and the school. • SA noted that Annex A of the report gave a current (more up-to-date) position of the top risks. The risks highlighted – OP11 and OP16 are linked to the CANs (as previously discussed); and PG03 is linked to resourcing issues.	
Agenda Item 7	**Review of Operational and Strategic Risk Registers** • KA noted the emerging risk mentioned in the quarterly report regarding the legal case brought by two other schemes regarding the decision to treat remedy costs as member related costs within the Scheme Valuation process, and the risk the outcome of this could impact the TPS.	

	• AG confirmed that TP is carrying on with Transitional Protection casework, but acknowledged there may be a need to re-visit cases if the challenge is successful. She acknowledged that there is a risk that it may lead to a two-step process for some members. • AG confirmed that there is no appetite to await the outcome of the Judicial Review. The Department is continuing to monitor the position through the schemes concerned and HMT.	
Agenda Item 8	**Finance Update** **Monthly Contribution Reconciliation (MCR)** • SF asked KB to clarify the connection between receiving timely and accurate information via MCR from employers and the increase in unallocated contributions. • KB clarified that funds held in the suspense account are higher than TP would like them to be. Contributions received sit in the suspense account until the corresponding service and salary information is received from employers. Because employers are adapting to MCR, TP is not necessarily getting the two things together and/or the two sometimes do not reconcile. • TP is closing errors fairly promptly and accepts that whilst this is a difficult period, it will be worth it in the long-term because it will provide much more accurate member data. KB warned that the suspense situation may get worse before it gets better as onboarding progresses. • KB provided an update on the MCR project. 35% of employers are live at present which represents 30% of membership. This is far lower than planned, which means the original April 2022 target is unachievable. • He explained that TP provided their replan proposals to the Department on 22 March. This sets out how TP will achieve the revised proposed deadline of May 2023. The proposed replan takes account of the two key risks identified in the risk register (OP07 and EN004) • TP continue to communicate with all employers who have not engaged (adopting a firmer approach). • Employer errors are higher than anticipated and therefore taking longer to resolve, although it is positive that the top ten errors remain at less than 1%. The aged analysis is now monitored by the Service Delivery Board. TP intend to reduce the onboarding rate during April and May to stabilise the errors position. • The suspense account is currently affected by unreconciled contributions of £40m from two payroll providers. TP is working with them to resolve the issue. This is also being monitored by the Department through the SDB report. KB anticipated that it would take two to three months to resolve the various MCR-related issues impacting on the suspense account. • KB was pleased that the recent recruitment exercise had been successful and vacant roles had been filled. Workflow+ - which reports on productivity – has also gone live recently. • DB sought clarification of the 35% of employers who are live versus the 87% of employers mentioned in the quarterly report. KB explained that the 87% included those employers who had confirmed an onboarding date, as well as those who are live. This related to the target of 90% of employers onboarded or committed to onboard by April 2022, agreed with the Department. KB agreed that presenting the figures in that way was not clear and therefore will provide only the number of onboarded employers in all future reports.	MR3/250322

	Finance Update • RL reported that the medium-term forecast for OBR had been completed on schedule and would be published today alongside the Chancellor's Spring Statement. All deadlines were met and there had been minimal challenge from HMT/OBR throughout the process. • The base data used to support that exercise will feed into the Main Estimate for next year's voted cash funding and will be provided to HMT by 6 April. • The interim audit of the first nine months of this financial year was completed in February. Deloitte reviewed the data and accounts as a dry run for final accounts. RL was pleased to report a clean bill of health with no concerns or observations raised by the scheme auditors. Planning is underway to start the final audit and accounts on 2 May. The Steering Group (Peter Springhall is SRO) will oversee this project to ensure it is completed on time. • Financial Year End is approaching so the cash position is being closely monitored. Whilst the TPS is in a strong position, the biggest variable is getting contributions on time. TP and DfE are confident that spend is on target and the Scheme will not overspend and will continue to review the position on a daily basis through to year-end. • SA noted the Amber rating for End of Year Certificates. KB explained that there had been an intensive exercise pre-Christmas which had helped but progress had stalled more recently. TP has plan to improve the position which includes prioritising further contact with larger employers. • There are ongoing discussions about the Department taking a more active role by writing to employers to remind them that they should be doing this; similar conversations are taking place about the Department writing to employers who are not engaging with the MCR project. • The tone of the letter will be different for those who are clearly trying to engage with TP but are having issues – TP will help where they can – but there is also the need to challenge employers as well. • Arrears of contributions is also Amber, though there was some good progress up until the last couple of months. The recent increases are the result of a small number of large invoices being issued. KB reassured the sub-committee that the issue is not systematic and it is hoped that the invoices will be quickly recovered. • As reported in the quarterly report, the cost control element of the Valuation is finalised. • The housekeeping exercise of the debtor control account is continuing. TP is in discussion with the Department to look to extend the 15 January deadline. KB noted that his team lost some staff recently which meant the plan of work, which included overtime, could not be implemented in full. KB and RL are discussing the new deadline of 15th April to ensure this is completed prior to the close of the 2021-22 accounts.	
Agenda Item 9 and 10	**Agree whether any individual papers or presentations should be shared with the rest of the Board for information:** • Programme Management Executive Summary – (updated) • Risk Management Approach • The Joint Programme Approach	MR4/250322

	Three issues to report to the Board: • Programme Management • Risk Management • The Joint Approach • Assurance on Finance matters	
Agenda Item 11	**AOB** • It was agreed that the June and September 2022 meetings would be held face to face in Darlington, and December 2022 meeting would be by Teams. For 2023, it was agreed that alternate meetings would be face-to-face starting in March 2023.	
Next meeting	22 June 2022	

Minutes agreed by Chair: Susan Anyan Date: 5 April 2022

Confirmed by circulation to sub-committee members on: 8 April 2022

To be ratified at sub-committee meeting on 22 June 2022