

Pension Scheme Pension Board (TPSPB)
TENTH BOARD MEETING: 18 OCTOBER 2017

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)	
David Butcher (employer representative)	DB	Fiona Laundry (DfE – Secretariat)	
Roy Blackwell (employer representative)	RB	Kathryn Symms (DfE – Secretariat)	
Jerry Glazier (member representative)	JG		
Julie Huckstep (member representative)	JH		
Chris Jones (member representative)	CJ		
Trefor Llewellyn (employer representative)	TL	Apologies:	
Lee Probert (employer representative)	LP	Iain King (DfE representative)	
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"> Apologies were received from Iain King. MR extended a warm welcome to Roy Blackwell and Julie Huckstep who were attending their first meeting. All attendees introduced themselves. <p><u>Minutes of the previous meeting:</u></p> <ul style="list-style-type: none"> The minutes from the 20 September 2017 meeting were agreed. <p><u>Register of Interests:</u></p> <ul style="list-style-type: none"> There were no comments. Board members were asked to ensure they advise the secretariat of any changes required, particularly in light of the additional potential conflicts arising from membership of the commercial sub-committee. 	
Agenda item 2	<p><u>Update on action points:</u></p> <ul style="list-style-type: none"> TL questioned whether AP2/120717 (telephony) ought to remain open, but DW observed that the action was on-going via the Information to Members sub/committee. The Board asked that a full telephony update be prepared for each meeting, whilst it remains the most important current issue. 	1/181017
Agenda items 3&4	<p><u>Service Delivery & Maintenance of Data sub-committee:</u></p> <p>DW highlighted key points from discussions at the Service Delivery sub-committee meeting:</p> <ul style="list-style-type: none"> The proposed sub-committee visit to The Pensions Advisory Service (TPAS) will be co-ordinated by the secretariat, and has now been arranged for 11 April 2018, as this is the most suitable time for TPAS. The visit will comprise a tour and a report on operations, current key issues and how TPAS are dealing with these. There had been a discussion on customer satisfaction measures, 	

	<p>and whether 3 is a useful measure of success. TP are measured against a 5-point scale but do not include point 3 as being satisfactory feedback for the purpose of outcome measures 5&6. The sub-committee recognised why TP use a more rigorous measure, only counting 4 and 5 as “satisfied”, but felt it was also useful to see the percentage of neutral figures as this gives a fuller picture.</p> <ul style="list-style-type: none"> • <u>2nd bite PI</u>: TP’s strategy remains to contact customers at the time the payment is going to be made. DH confirmed that all questions raised and requests for clarification had been dealt with, and that the exercise remains on track to complete by the end of the year, with two key IT developments being delivered in the meantime to secure this. • The sub-committee had noted, and wished to recognise, the welcome development in prioritising bereavement cases and the associated vulnerable customers. • The sub-committee also recognised the positive outcomes as a result of TP reporting employers to the regulator for non-payment of contributions and failure to submit end of year certificates. <u>Telephony</u>: the sub-committee is keen to avoid developing a “blame culture” and recognised that it is challenging to maintain standards given increased volumes, the added complexities of the scheme since reform, calls taking longer to resolve because of the added complexities plus the move away from just dealing with the issue presented. These factors have led to increased delays and increased member frustration. It was recognised that TP were trying to route members to the most efficient method of engagement for their query, but there was a genuine concern regarding the decline in telephony service. The biggest issue regarding the proposed resolution is the time required to embed some of the solutions and there is an urgent need therefore to explore whether there are further short-term measures that could be taken. (NB: a fuller discussion on telephony took place under agenda item 6). • <u>Scheme valuation</u>: The project remains on track to deliver final results in Spring 2018. Further discussion around the contribution tiers is due to take place at the next Scheme Advisory Board (SAB) meeting in November; initial discussions indicated there was not an appetite for significant changes. • The Board were concerned they might lose sight of progress; it was therefore agreed that an update on the valuation process will be provided to the TPSPB in January 2018. • <u>Employer review</u>: Phase 1 had been launched in September and packs are being distributed electronically to starters and leavers. Phase 2, a risk-based assurance assessment, will be launched once Phase 1 has completed and will be aligned with MDC2. Some early adopters of MDC have been consulted on potential issues. • <u>Benchmarking</u>: DH confirmed that CEM have made initial contact in order to clarify some issues; the first draft of the report is due by the end of November. Initial high-level feedback is that results are not dis-similar to last year. The report will be shared with the Board in January. 	<p>2/181017</p> <p>3/181017</p>
<p>Agenda items 5&6</p>	<p><u>Information to Members and Communications sub-committee:</u></p> <p>DT highlighted key points from discussions at the IM&C sub-</p>	

	<p>committee:</p> <ul style="list-style-type: none"> • The sub-committee noted that TP have become a large digital business and have significantly increased the level and range of engagement activity in the scheme, providing more digital resources to members. • TP have proposed a new customer contact model with 4 tiers of contact from Tier 1 (MPO self-service) to Tier 4 (contact centre assistance for complex queries). • The MPO report is now available for employers to download each month. • The sub-committee noted the problems being encountered by the contact centre and TP's range of solutions, which includes recruiting and training additional operators, and a negotiation for additional resources to meet these further demands that are not covered in the contract. <p><u>Telephony issues/update:</u></p> <ul style="list-style-type: none"> • The Board remain concerned with telephony issues. They recognise that there has been a significant increase in demand for telephony services (around 3500 calls per day) due to increasing scheme complexity and an increase in membership. • Around 6500 people per day also log onto the website and 98% log into MPO successfully – however 50% of the callers in the queue are waiting to reset their password – TP are working to automate this process. Security rules have been revised to support this and TP are looking to introduce a simpler but still robust process, including removing the need for members to use their DfE number. • TP have put in place a range of short-term measures including prioritising bereavement cases, introducing a queue waiting system which provides callers with information on their place in the queue, messaging to signpost alternatives such as the website and MPO, and are developing a longer-term strategy via the proposed customer contact model. • The Board expressed concern regarding the stressful environment for TP's call centre operators and questioned whether the additional staffing planned would be sufficient to address the problem and any retention issues. DH confirmed that TP now have the fundamentals in place to secure good quality telephony candidates, better training with a supporting triage system, improved pay, with parity for existing staff to ensure retention, and holding reserve lists of good candidates. In addition, they are addressing stress and sickness issues and have provided access to counselling. • JR confirmed that the issue of telephony /the contact centre was subject to monitoring via the Service Delivery Board and had been escalated to the Quarterly Strategy Board, so subject to on-going scrutiny by the Department. He undertook to provide a full update report to the Board in January, covering staffing issues too, for example, progress on recruitment and training and the impact of additional resourcing. • The Board discussed other options, including engaging with employers to help disseminate the MPO message and outline the current options to resolve issues without using the call centre. The suggestion to use the employer bulletin was supported, as was using wider groups such as the Local Government Association and 	<p>4/181017</p>
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	<p>the Association of Colleges, and providing information to such groups that could be included in their own internal bulletins.</p> <ul style="list-style-type: none"> • LP noted the importance of finding the correct contact within establishments as this was key to cascading communications. DH commented that TP were reliant upon schools to pro-actively advise the appropriate point of contact. Board members agreed to identify ways that they could practically help including to identify correct points of contact. TP also confirmed that their visit to TPAS had identified some useful call-handling tips. • Discussion also centred around transitional members, for whom there is little easily accessible information on the website. It was felt that some guidance for this group would help employers and caseworkers assist them, and thus reduce the number of callers. Making the section on transitional/tapered members on TP's website more prominent would be a useful option, and DH undertook to review the positioning of this information. • It was agreed that a key part of the solution is a behavioural shift and that all needed to look for ways to encourage and support this. Board members agreed to consider how they could support the uptake of MPO by sharing and cascading messaging more widely within their own areas of influence. • It was agreed that the IM&C sub-committee would continue to monitor this issue. • The Board recognised the efforts TP are making to resolve the issue and asked for greater visibility of how the Department's contract management activity is assisting /driving that. The Department undertook to review future reporting to provide more detail. <p><u>TPSPB Executive Summary:</u></p> <ul style="list-style-type: none"> • JR tabled a revised version of Paper 11 for discussion. The language of the report had been tempered somewhat to reflect the Board's on-going concerns with current performance issues (telephony and system outage problems). • The discussion ranged over the content of the report and the information referenced within it. Suggestions were put forward to improve the document and more fully reflect the role of the Board and the sub-committees in challenging TP and the Department. The Board asked that the passive language that occurred in revised passages be amended to reflect the personal responsibility felt by the Board, and felt that a statement of confidence in the scheme should be added to prevent opt-outs. Secretariat will re-draft and circulate for comment. • MR stated his preference for an alternative shorter, punchier version that would suit the website better, and the secretariat will draft a summary for review. Board members and the Department will also continue to give thought to how to ensure future versions attract more attention from stakeholders. 	<p>5/181017</p> <p>6/181017</p> <p>7/181017</p> <p>8/181017</p> <p>9/181017</p> <p>10/181017</p>
<p>Agenda items 7&8</p>	<p><u>Managing Risk and Internal Controls Sub-committee:</u></p> <p>JG highlighted key points from discussions at the MR&IC sub-committee:</p> <ul style="list-style-type: none"> • The sub-committee had noted the increasing importance of emerging risks, particularly around maintaining staff stability 	

within TP as the procurement process picks up pace.

- The sub-committee noted that Deloitte are using TP to test their new digitalised approach, which they plan to eventually run across a number of schemes. SB explained that Deloitte have developed an analytic tool to run calculations; the exercise is being run in parallel to conventional analysis and the results compared to determine accuracy. DfE have flagged the risks to Deloitte, and are concerned about the impact on TP at a time when audit activity is taking place to support the valuation process; a phased approach has been suggested.
- It was recognised that delays to GMP reconciliation was outside of TP's control. DfE continue to press HMRC / HMT for information e.g. progress regarding legislative changes required.
- Good progress continues to be made from a TP perspective and DfE/TP are playing a leading role, working with HMT, to identify risks and solutions via the GMP working group. Policy decisions are still awaited from HMT.
- HM Treasury have agree that the handling of overpayments can now been referred to the Permanent Secretaries of each scheme to consider, and a submission is currently in preparation for the DfE Permanent Secretary. DfE have again taken a leading role in ensuring there is consistency of approach across the major schemes.
- The sub-committee had spent some time discussing academies issues and activities undertaken by TP to engage them in the MDC process.

System outage update:

- DH confirmed that the system outage that took place on 18 August resulted from a hardware issue, disk corruption, and that new processes have been implemented to reduce the risk of a repeat. The cause was not associated with the data centre, and thus completely different from the first system outage. A monthly report to the Department has been initiated to confirm the systems in place are working correctly and six monthly "health checks" will be undertaken by DfE.
- Plans are under development for TP to exit the current secure environment in preference for a standardised platform that better reflects current security requirements/standards. JR confirmed that both these issues, the outages and move from the 'RMH' environment, are subject to close scrutiny by DfE, and will be subject to consideration and challenge at QSB level. A preferred design, and solution, have been identified and an "exit board" is due to be established in November to oversee the project, which will be jointly managed by TP and DfE.

OBR update:

- JR confirmed that the deadline for submitting the Autumn forecasts was met and a challenge meeting had taken place with OBR, with very little pushback received. The Department had pre-warned OBR that, as OBR timetables do not align with the main time TPS retirements occur (1 September), there was likely to be the need for a revised forecast to be submitted – that has proved to be the case as retirement numbers were down on expectations, and OBR remain content with the position for the

	TPS.	
Agenda item 9	<p><u>Annual Review of sub-committee Terms of Reference:</u></p> <ul style="list-style-type: none"> • It was proposed that each of the three sub-committees established in October 2016 review their specific Terms of Reference at the next sub-committee meetings in December, to ensure they remain fit for purpose and that they accurately reflect their role and scope, and that the results of this consideration be reviewed at the January TPSPB meeting. • It was confirmed that the approach of having one sub-committee act as a subject lead was helpful in managing business, but that it remained important for each sub-committee to recognise and address the elements of each topic (e.g. telephony) from the perspective of that sub-committee. The three chairs should liaise as appropriate. • Newly appointed Board members were invited to consider which of the sub-committees they might be interested in joining, and to notify the secretariat who will liaise with sub-committee chairs. • MR was also keen to ensure that, in principle, Board members should be able to join any sub-committee in which they had an interest. • There was some discussion regarding the future structure of sub-committees and other stakeholder groups, as there is an increasing risk of duplication of discussion and consultation. DH noted that a similar discussion had taken place at the recent TPARG (Teachers' Pensions Administration Review Group), so there is appetite for further review and consideration of how / whether expertise from other groups could be incorporated. • Given this feedback, and feedback from the groups involved, the Department will look at the scope for greater join-up and report back on progress at the January meeting. 	<p>11a/181017</p> <p>11b/181017</p> <p>12/181017</p> <p>13/181017</p>
Agenda item 10	<p><u>Policy update:</u></p> <ul style="list-style-type: none"> • An update on valuation and GMP policy was covered under agenda items 7&8. The next Scheme Advisory Board takes place on 15 November and an update from that will be provided at the Board's January meeting. 	
Agenda item 11	<p><u>AOB:</u></p> <p><u>Annual Appraisals:</u></p> <ul style="list-style-type: none"> • Annual appraisals for Board members need to take place before MR departs. Board members are therefore invited to advise the secretariat of any times/dates they may be in London before the end of January, Secretariat will co-ordinate meetings. Meetings will be one to one and take around 30 minutes. • A self-assessment form will need to be completed, and shared with MR, ahead of the meeting. • Newly appointed Board members are not expected to participate. <p><u>Permanent Secretaries meeting:</u></p> <ul style="list-style-type: none"> • Rupert McNeill (Chief People Officer at the Cabinet Office) has invited permanent secretaries of the main public sector schemes to a discussion on various matters concerning the pension 	<p>14/181017</p>

	<p>schemes for which they individually have responsibility. The purpose of the meeting is a “stock take” on where schemes are on performance, relations with the regulator, current re-tenders and any scope for joint working to increase efficiencies across Government. Scheme chairs have been invited to attend, though no date has yet been agreed.</p> <ul style="list-style-type: none"> • Briefing material has been provided to the DfE’s Permanent Secretary. • MR advised that the next meeting of the “big 4” scheme chairs takes place next week – this is a forum to discuss and exchange views and information on current issues. <p><u>Prudential / MAG update:</u></p> <ul style="list-style-type: none"> • DfE/MAG commissioned Prudential to consider the options available to teachers within the AVC scheme, with a view to providing a recommendation for a new fund structure. • Prudential are reviewing their whole fund structure and are developing a proposal on suitable range of around 10 funds to meet required needs for the TPS. They are due to present their proposals to MAG at the end of January, covering all aspect of the fund changes – proposed options will then be subject to consideration by an independent advisor. • The fund options are due to be agreed at the MAG meeting in July 2018. DfE propose, therefore, to invite Prudential to talk to the Board thereafter to set out the options and their thinking. • The Board supported the plan to have independent oversight. • JR confirmed that a variety of issues are being considered in determining fund options, including the need to provide a suitable range or risk/reward options and the need of an ethical fund option. Prudential will be asked to cover these issues at the presentation. 	07/120717
Agenda item 12	<p>MR thanked DH for his contribution to the meeting.</p> <p><u>MR&IC Sub-Committee AOB - Complaint update:</u></p> <ul style="list-style-type: none"> • This section has been removed because it deals with an update on a confidential issue. <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>	
	The next meeting will take place on 17 January 2018, at DfE Sanctuary Buildings, London.	

Minutes agreed : *Michael Richardson*

Date: 24 October 2017

Minutes circulated to Board members for review on : 24 October 2017.

As a result, a change was made to the wording of one paragraph of Agenda item 12.

Minutes agreed by TPSPB at 17 January 2018 Board meeting, the change above was agreed.

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 copy securely stored.

Final Signature: *Michael Richardson* Date: 17 January 2018