

Teachers' Pension Scheme Pension Board (TPSPB)

NINTH BOARD MEETING: 12 JULY 2017

MINUTES

Present:		Also Attending:	
Michael Richardson CB (Chair)	MR	David Heslop (Capita TP)	DH
Stephen Baker (DfE representative)	SB	Jeff Rogerson (DfE Head of Pensions Policy & Governance)	JR
David Butcher (employer representative)	DB	Karen Cammack (DfE – Secretariat)	
Jerry Glazier (member representative)	JG	Fiona Laundy (DfE – Secretariat)	
Iain King (DfE representative)	IK	Kathryn Symms (DfE – Secretariat)	
Trefor Llewellyn (employer representative)	YL	Peter Springhall (DfE – Senior Finance & Risk Manager)	PS
Lee Probert (employer representative)	LP		
David Trace (member representative)	DT	Observers:	
Dave Wilkinson (member representative)	DW	Sue Crane (DfE - Senior Contract Manager)	SC
		Ian Hamilton (DfE - Commercial project)	
		Shaun Robinson (DfE - Commercial project)	
Apologies:		Scott Spencer (Cabinet Office – PCSPS secretariat)	SS
Geoff Ashton (Independent Pension specialist)			
Chris Jones (member representative)			
Jackie Wood (employer representative)			

	Item	Action
Agenda item 1	<p><u>Introduction, attendance, apologies:</u></p> <ul style="list-style-type: none"> • Apologies were received from Geoff Ashton, Chris Jones and Jackie Wood. • MR extended a warm welcome to Iain King, attending for the first time following his appointment as DfE Operational Finance Manager, and to Stephen Baker, formally joining the Board in his role as Deputy Director, School Employment and Teacher Retention division. • MR also welcomed those attending as observers, in particular Scott Spencer from Cabinet Office, who acts as Board Secretary to the PCSPS Pension Board. • All attendees were invited to introduce themselves. <p><u>Minutes of the previous meeting:</u></p> <ul style="list-style-type: none"> • The minutes from the 26 April 2017 meeting were agreed. <p><u>Register of Interests:</u></p> <ul style="list-style-type: none"> • There were no comments. Board members to advise secretariat of any changes required. 	
Agenda item 2	<p><u>Update on action points:</u></p> <ul style="list-style-type: none"> • MR confirmed that on-going action points would be covered on today's agenda. 	
Agenda item 3	<p><u>Dashboard:</u></p> <ul style="list-style-type: none"> • MR noted that the red risk items would be covered later in the meeting during the update on the risk register. • He also commented that the Dashboard remains a useful way to capture a summary of performance. A copy had been shared with the PCSPS Pension Board and SS confirmed that they are 	

	<p>developing their own Dashboard using this as a template.</p> <ul style="list-style-type: none"> • DW observed that it would be useful to include the Dashboard with each sub-committee update rather than as a separate agenda item. Secretariat to note for future agenda formatting. 	AP1/120717
<p>Agenda items 4&5</p>	<p><u>Service Delivery & Maintenance of Data sub-committee:</u></p> <ul style="list-style-type: none"> • <u>Stop the Clock:</u> DW highlighted the key points covered at the SD&MoD sub-committee, including a discussion on “stop the clock”. The sub-committee had discussed what leads TP to “stop the clock” and plan to re-visit the topic in the future, as they may commission a report from TP to show how often, and for how long, the clock is stopped in various scenarios. • <u>Telephony/Contact Centre:</u> The sub-committee had also discussed the recent performance of the contact centre, recognising that problems had arisen from a combination of staff sickness, high call volumes and longer call-handling times, which are leading to lengthy waits for members. • The Board went on to discuss the range of issues and potential solutions, including: additional telephony software to route calls and provide waiting time information to callers, a more sophisticated triage system and more user-friendly messaging on the website. • The Board recognised that the solutions also included encouraging higher take up of electronic contact (e.g. self-service via MPO). It was also noted that, with an increasingly complex scheme, the call centre needed to be both agile and have the capacity to deal with increasing call volumes. • The key issue for the sub-committee was to consider how TP is managing to cope so that members have a high value service. • DH confirmed that TP is actively looking at ways to improve the service, including visiting other call centres dealing with high volumes to learn how they manage their service, and looking at call flow handling in others areas of Capita. TP will be presenting an outline of short and longer-term solutions to the Quarterly Strategy Board on 26 July. • JR confirmed that hitherto the issue was being reviewed within the confines of the current contract, but that the Department consider that it is time to look at wider solutions. • The Board noted that this was a long-standing problem that had been exacerbated by recent issues, and were reassured that TP were working pro-actively to resolve problems with both short-term measures and longer-term solutions. The Board re-iterated that the service needs to be future proofed to ensure it is sufficiently agile and flexible to respond to peaks in requirements. TL requested that future action plans be shared with the TPSPB. • <u>Customer Satisfaction:</u> DW confirmed that the deep-dive on customer satisfaction statistics had been delayed until the next sub-committee meeting and observed that it will be interesting to see what effect, if any, the re-marriage exercise has on the data. <u>2nd Bite:</u> DH confirmed that the exercise is now in full swing. 90,000 cases have been examined, 11,000 cases processed and £6.5m paid out. TP had initially been aiming to complete the project by September 2017, and will review this based on progress so far. JG asked if the project had impacted customer satisfaction and DH 	AP2/120717

	<p>confirmed that very few complaints had been received.</p> <ul style="list-style-type: none"> • <u>MDC</u>: DH confirmed that good progress continues with data now being collected this way for 45% of the membership. TP remain confident of achieving the 60% target by October, and hope that by the end of the year all employers will be submitting information this way. To support this, TP have been stepping up their messaging. There have been some small technical issues with some payroll providers, and TP are now working directly with them (rather than via employers) to resolve. • <u>System Outage</u>: The sub-committee had discussed the incident, and the incident report had now been circulated to Board members (paper 9); the additional item in this is the root cause analysis. • The Board discussed progress since the sub-committee meeting, looking at the causes but focusing on future planning to mitigate issues, should this happen again. • DH confirmed that new process were developed, and are in place, regarding serious ill-health case handling/liaison with OHAssist Ltd. • It was noted that, as the website had been affected, Social Media had been used effectively to cascade the system outage message. • JR confirmed that the focus was currently on reviewing the business recovery plan, which includes looking at the supporting communications, and reviewing the hosting system. He highlighted that the requirement to use a RMH (Restricted, Managed Hosting) secure environment had added to the complexity of the problem and its resolution. However, as this is no longer a requirement, TP and DfE are looking at ways to exit the system. • TP are preparing a further report for DfE outlining lessons learned, and will keep the Board updated on plans. • <u>MPO</u>: The discussion turned to how to encourage uptake of MPO and JR used the opportunity to test the idea of further ways to do so. DT confirmed that the issue had been discussed at the previous IM&C sub-committee, where it was noted that there was a steady uptake of around 10,000 new registrations per month. The Board generally felt that this was pleasing and that this pattern should be allowed to develop before starting another campaign or drive with employers. However, there was value in looking at other strategies to increase uptake such as using incentives and in considering analysis of why teachers are not registering for MPO. • There was further discussion regarding the ease/difficulty of the log on process which in itself would be likely to increase uptake, and JR confirmed that DfE/TP were looking at how to simplify this, including the possibility of removing the need for the teacher reference number, which has been identified as a block for many. 	AP3/120717
<p>Agenda items 6 & 7</p>	<p><u>Information to Members and Communications sub-committee:</u></p> <ul style="list-style-type: none"> • DT highlighted key points that the IM&C sub-committee had covered including the interesting presentation where TP outlined the strategies they deploy to engage directly with members and employers. Good progress over the past few years illustrates TP's pro-active approach, and developments to the website were particularly impressive. DW mentioned the discussion on the way that TP segment the membership to target communications and highlighted that the sub-committee had discussed other characteristics that could be taken into consideration when 	

	<p>developing “personas” (e.g. LGBT, BME, part-time). The role of the employer was discussed. It was felt that the role already encompassed a good deal of information sharing, with employers “marketing” on TP’s behalf. However, there is a risk of diluting the message through being repeated too often, and efforts should focus on identifying how to stimulate interest in the subject matter, such as having a school “TP champion” with a clear, non-advisory role.</p> <ul style="list-style-type: none"> • It was acknowledge that many teachers only need to access TP occasionally in order to stay on top of their data, and this should be recognised when developing engagement strategies. 	
<p>Agenda items 8 & 9</p>	<p><u>Managing Risk and Internal Controls Sub-committee:</u></p> <ul style="list-style-type: none"> • JG confirmed that the supporting report was comprehensive, and that the meeting had gone well. • <u>Annual Report and Accounts:</u> PS confirmed that the TPS Annual Report and Accounts had been submitted and accepted by DfE’s Audit and Risk committee, and were due to be signed by the Permanent Secretary today (12/7). For the second consecutive year the accounts were unqualified, had received no significant queries from scrutiny bodies, and were due to be laid in Parliament before recess - which is a great achievement. The Chair invited members of the Board to join him in congratulating all those involved, both TP and DfE personnel, and confirmed that this is a noteworthy achievement. • SB also commended those involved for their teamwork and leadership, and congratulated PS for his central role. • <u>Risk:</u> PS acknowledged that whilst the MR&IC sub-committee had delegated responsibility for interrogating the risk register and setting / agreeing the top three risks that feature on the Dashboard, the Board had requested sight of the risk register on an annual basis. Going forward this will be included on the agenda for the spring meeting, but for its initial review it had been agreed to share the register for this meeting. • Board members acknowledged that the (red) GMP risk was reliant upon information from HMRC, and SB confirmed that he had approached HMT about the issue, suggesting that HMRC may not have sufficient resources to respond to the volume of queries raised with them. In addition, TP are ahead of the curve and are therefore possibly suffering “early adopter pain”. Additionally policy decisions were still awaited from HMT, which exacerbated the situation. It is likely that as more schemes engage with the process the situation will improve. • The sub-committee had noted that plans need to be in place to mitigate any potential regulatory impact on the TPS, and they will monitor progress on this via regular updates. • MR asked whether the approach taken of using the sub-committee to conduct the deep-dive analysis of risk, with the TPSPB receiving a summary update, remained proportionate and appropriate. Board members confirmed they remain content with the approach. 	<p>AP4/120717</p>
<p>Agenda item 10</p>	<p><u>SAB and key policy issues update:</u></p> <ul style="list-style-type: none"> • JR confirmed that the last SAB meeting had taken place in 	

	<p>March, with the next scheduled for 19 July 2017.</p> <ul style="list-style-type: none"> • <u>Valuation</u>: The SAB have established a sub-committee to review valuation specifics. GAD has now reviewed scheme data and assumptions, although they are still awaiting generic assumptions set by HMT (e.g. longevity, inflation). When GAD has completed its review they will advise whether there should be any variation in employer contributions for 2019. The SAB sub-committee will review employee contribution tiers in the Autumn; these will be set in April 2018 and be effective from April 2019. • JG queried whether the changing demographic profile of the profession will affect the revaluation process in the future. JR confirmed that the SAB sub-committee had considered this when looking at specific assumptions. • <u>Brewster</u>: Following discussions with other public sector schemes and obtaining legal advice, the Department has now agreed that overpaid child pensions will be corrected going forward but historic overpayments will not be recovered. Death grants paid to a person other than the unmarried partner will not be recovered; and death grants will be paid to unmarried partners if, at the time of death, a death grant was received by someone other than the unmarried partner or no death grant was paid. • TP are currently dealing with a few cases but will complete a trawl of data to identify any additional potential cases. They will also publicise the judgment to try to encourage applications and enquiries. <p><u>GMP update</u>: The GMP reconciliation project is continuing as expected and within agreed timeframes. HMT advise that it will share data on indexation and the solution it plans to take forward by the end of the year - these were delayed by purdah. The Department continues to work with HMT on the issue of overpayments and pre-2009 cases. The TPSPB will be kept updated on any significant administrative changes required.</p> <p><u>Exit payments</u>: The policy decisions made by HMT regarding a £95k cap on public sector exit payments and clawing back payments from high earners who return to similar roles within 12 months, are dependent upon overriding legislation being laid. Once in place this will mainly affect premature retirement compensation (PRC) arrangements.</p>	AP5/120717
Agenda item 11	<p><u>AOB:</u></p> <ul style="list-style-type: none"> • <u>ToR update</u>: The Board agreed the revised Terms of Reference which capture the minor consequential amendments required to reflect the change in number of member and employer representatives, and the grade of the DfE representative. Secretariat will cascade as required. • JR advised the Board that there was a delay in completing the appointment process for the new member representative. This has been delayed due to the General Election purdah. The aim remains that the new Board members will be able to attend their first Board meeting in October. • LP queried progress on the commercial sub-committee Terms of Reference, noting that it would remain in shadow format until these are drafted. It was agreed to complete the approval process via email over the summer to allow the meeting in 	AP6/120717 AP7/120717

	<p>September to take place.</p> <ul style="list-style-type: none"> • <u>TAVC update</u>: A Management Advisory Group (MAG) meeting is scheduled for 18 July at which the Prudential will present the latest position on funding options and fees. It is still planned to invite Prudential to give a presentation to the Board on AVCs and associated issues; the date for this will be reviewed after the MAG meeting/outcomes. • The Board will be kept updated on progress, in particular GA who has a particular interest. • <u>CEM update</u>: JR confirmed that Paper 16 contained the additional table of data for a smaller peer group. • JR confirmed that CEM is of the strong opinion that it will breach commercial confidentiality by providing data on a smaller comparator group as part of the wider or future report. They will therefore continue to meet the agreed contract requirements. • CEM had suggested that, for TP, their future focus should look at best practice, particularly in relation to international pension scheme administration. • MR wondered whether the “big 4” could share their data on a voluntary basis, and asked secretariat to investigate whether this might be possible if each scheme provides the data. He recognised JR’s comment that these are very high value contracts in the commercial world, and so there may be a reluctance to share data as it may be considered too sensitive. • <u>Chair’s appointment</u>: MR advised the Board that his appointment is due to end in February 2018 and that he will not be seeking a second term. He had enjoyed his time in the role and will chair the next meeting in October, and the following one in January, should a replacement not be in post at that time. The Board joined SB in extending their thanks to MR, and echoed the Department’s disappointment that he will not continue - whilst accepting and respecting his decision. 	<p>AP8/120717</p> <p>AP9/120717</p>
<p>Agenda item 12</p>	<ul style="list-style-type: none"> • MR thanked DH for his contribution to the meeting; DH left the meeting to ensure that TP are in the same position as other potential providers within the re-tendering exercise. • 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 18 October, at DfE Sanctuary Buildings, London.</p>	

Minutes agreed : *Michael Richmond* Date: 19 July 2017

<p>Minutes circulated to Board members for review on : 20 July 2017.</p>
<p>Minutes agreed by TPSPB at 18 October 2017 Board meeting, subject to the following changes: No changes requested.</p>
<p>Once agreed, the minutes will be signed by the Chair, uploaded to the Governance area of TP’s website (being redacted where required) and copy securely stored.</p>

Final Signature: *Michael Richmond* Date: 19 October 2017