

Teachers' Pension Scheme Pension Board (TPSPB)
EIGHTEENTH BOARD MEETING: 23 OCTOBER 2019
MINUTES

Present:		Also Attending:	
Neville Mackay (Chair)	NM	Sue Crane (DfE Senior Contract Manager) from 1345	SC
Susan Anyan (Independent Pension Specialist)	SA	Neil Crombie (Client Director, Teachers' Pensions)	NC
Stephen Baker (DfE representative - outgoing)	SB	Jeff Rogerson (DfE Head of Pensions)	JR
David Butcher (employer representative)	DB	Peter Springhall (DfE Head of Commercial, Contracts and Finance)	PS
Kate Copley (DfE representative - incoming)	KC		
Jerry Glazier (member representative)	JG	Secretariat (DfE):	
Julie Huckstep (member representative)	JH	Karen Cammack	
Chris Jones (member representative)	CJ	Helen Dady	
Iain King (DfE representative)	IK	Kathryn Symms	
Ian Payne (employer representative)	IP		
Lee Probert (employer representative)	LP	Guest:	
David Trace (member representative)	DT	John Simmonds (CEM) for item 2	JS
Dave Wilkinson (member representative)	DW		
Jackie Wood (employer representative)	JW		
Apologies:			
Simon Lowe (employer representative)			

	Item	Action
Agenda item 1	<p>Introduction, attendance, apologies:</p> <ul style="list-style-type: none"> NM extended a warm welcome to Kate Copley (in-coming Deputy Director of Teacher Reward and Incentives Division), who will be replacing Stephen Baker on the Board, and invited attendees to introduce themselves. Apologies were accepted from Simon Lowe. NM introduced John Simmonds from CEM, attending as a guest for agenda item 2. <p>Minutes of the previous meeting:</p> <ul style="list-style-type: none"> JG raised an issue regarding agenda item 3 of the minutes (Prudential update), noting again the concern that the number of pensions being crystallised outnumber new TAVC uptake. JR commented that the Department and Prudential are working hard to promote the TAVC scheme but the reality is that AVCs are a product of the time when they were introduced, when there were few alternative provisions that teachers could access to boost pension savings. A freed up and expanding market has now provided a wider choice, this along with higher contributions, flexibilities within the main scheme and less disposable income are all behind the lower take-up. JR confirmed that MAG does look at trends, including this issue, when it meets and agreed to provide an update following the next MAG meeting. JR reminded the Board that SA will be invited to attend the next MAG meeting. The minutes from the 10 July 2019 meeting were agreed as an accurate record. <p>Register of Interests:</p> <ul style="list-style-type: none"> Two additions to the Register were noted - KC's joining 	AP1/231019

	<p>declaration and LP's notification that his organisation has two commercial relationships with Capita.</p> <ul style="list-style-type: none"> • NM was content that none of the declared potential conflicts precluded anyone from discussion of today's agenda items. 	
<p>Agenda item 2</p>	<p>CEM Benchmarking:</p> <ul style="list-style-type: none"> • JS opened by reminding the Board that CEM is a commercial organisation that conducts detailed comparative analysis on a number of pension schemes. Slide two detailed those in TPS' comparator group - this includes three other large public sector schemes, who are the key comparators, along with another four smaller public sector schemes who together make up the peer group of eight. • He acknowledged the report was for 2018, and advised that the 2019 report was currently being validated and would be shared soon; explaining that this had been slightly delayed due to the timing of data returns by others in the peer group. NM reminded Board Members that it had been planned to hold this session at an earlier meeting but the weight of other business and JS's availability led to it being held now. • JS noted that the exercise is not to benchmark TP, but rather to benchmark the whole of the scheme through the eyes of the members. • He explained that the TPS falls into the high service/low cost quadrant, and that the cost of operating the TPS is very low when compared with other schemes (both nationally and internationally) and is one of the lowest cost public sector schemes in the world based on CEM experience. • He reported that CEM review and measure member service experience. Slide three set out costs per member, using standard definitions; overall this illustrates that TPS members receive a high level of service compared with others, which represents good value for money. Slide six shows the core activities, and he confirmed that these are revised to account for economies of scale. • JG recognised that the scheme provides value for money but noted that there had been some activities in 2018 to address performance issues, in particular in the call centre. He asked whether this might indicate a rise in costs for 2019, but noted that it would be likely that levels of service would also improve as issues had been addressed. JS confirmed that, from his first view of the 2019 report, costs had risen very minimally, but that levels of satisfaction with service had also increased. • JS highlighted the areas where TPS score particularly highly noting that TPS are far ahead of peers regarding website functionality and digital and social media provision. • He also drew attention to the areas where TPS performance is lower than the peer group, noting the problems in the call centre that had led to an increase in both complaints and abandoned calls. NC commented that the 2019 report would likely show improvements e.g. he observed that TP's data shows that the abandoned call rate has improved from 32% to 6%. • NM observed that the SLA score was also a lower score. JR commented that we use outcomes as well as SLAs as a measure of performance and wondered if this was part of the reason 	

	<p>behind the score. NC reminded the Board that outcomes gives TP and the DfE scope to react to and act on member feedback to improve service rather than simply process measures. JS confirmed that CEM do not examine outcomes of customer satisfaction surveys because there is not enough commonality between schemes and this could be a factor.</p> <ul style="list-style-type: none"> • CJ commented that two other measures help keep costs down - the availability of expert advice and guidance from both HR departments and union caseworkers. JS acknowledged this, but advised that the scope and variety involved means this is something CEM cannot measure/cost effectively. • NM asked whether there was scope for the TPS to do even better in some areas, JS observed that on-going improvement is good practice but commented that the TPS is seen as an exemplar scheme that other schemes aspire to follow. NC advised that TP feel there is always room to improve the member experience and are looking to how they can help members make better choices. He noted there will be big challenges in the next year or so with the introduction of the pension dashboard and the remedy that will be devised and implemented to respond to the McCloud age discrimination court ruling. • DW echoed the general feeling that this was a very positive picture, but noted there was some misinformation being circulated to schools about the viability of the scheme and felt there was an opportunity for TP to provide positive information. JR commented that TP and the DfE are taking greater steps to promote the value of the scheme, and will consider this feedback within plans for future communications. • NM concluded that there is a lot of good news and information within the report, and noted that TP and DfE are using that information to inform actions on particular projects/improvement activities. He added that he felt that was the best approach to using the information, rather than a specific ‘benchmarking’ project, and suggested that the Board continued to be updated on improvements/actions via those projects and activities. Board Members supported that approach. 	
Agenda item 3	<p>Update on ongoing action points:</p> <ul style="list-style-type: none"> • AP4/100719 - NM confirmed that work was on-going between TP and DfE mapping out the measures for the six strategic objectives and activities that underpin these. This will comprise a “plan of plans” bringing together all strategies and setting out how these link back to the strategic objectives; this should help to provide a better picture of how the strategies are helping to deliver the TPS objectives. Action Point to remain open. 	
Agenda item 4	<p>Feedback from the annual sub-committee chairs meeting:</p> <ul style="list-style-type: none"> • NM explained that the annual meeting was an opportunity to “stock-take” and review how well the sub-committees are performing, to consider the role/remit of each and discuss whether there were any improvements to be made and to consider whether the Terms of Reference remain appropriate. 	<p>NB: Actions separately recorded under a s/c chairs meeting action log.</p>

	<ul style="list-style-type: none"> • During the discussion, they felt that it would be useful to further understand what (DfE/TP) partnership working means and how it works in practice, and added this to the list of forward work plan items. • They also felt it would be useful for Board members to have updates between meetings on significant or fast moving issues, and have asked DfE to pro-actively provide these. • The consensus was that current arrangements, whereby the sub-committee chairs liaise with DfE leads and discuss/agree agenda items as part of the preparation phase, had helped to address the duplication issues that had previously caused concern. • There was a discussion regarding whether to split the Service Delivery and Maintenance of Data sub-committee to cover each area separately. On balance it was felt that this s/c was able to cover both areas adequately, but that making a provision for sub-committee chairs to extend meetings by 30 minutes, should the need arise, would be sufficient to ensure both areas are covered. • The sub-committee chairs also reviewed the Terms of Reference, and requested some amendments in particular to reflect the changing scope and broader remit of the commercial sub-committee. • The enhanced role of the TPSPB Chair in the selection process for new Board members was also updated. Officials were also able to confirm that the more robust selection process used in the last round of appointments as employer representatives (as well as the Chair and IPS posts) has been incorporated as standard practice as the department strive to ensure a diverse and representative Board. DW noted that it was also incumbent on unions to put forward good candidates. • There was also a discussion on membership of sub-committees. Currently Board members self-select, but it was felt that it would be more effective to manage this process. From 2020 Board members will be limited to membership of a maximum of two sub-committees and new Board members will be steered toward sub-committees dependent upon their skill sets and vacancies. JW asked for clarification regarding whether the invitation to TPARG members should/could be added to the (TPSPB) Terms of Reference - DfE to review. • DfE had been asked whether they would exceptionally extend the appointments of any/all of the four Board members due to leave in February 2020. DfE was clear that the only issues that might influence a request to the Minister would be if either the commercial or McCloud projects were at a critical point, which they were not. TPSPB recognised the argument but asked that DfE manage member term lengths, such that in future not so many members leave at once. • The chairs discussed the merits of establishing a separate sub-committee to take assurance regarding McCloud solutions, but for the time being felt that it would be better dealt with as a standing TPSPB agenda item. In addition, periodic updates will be provided (e.g. on sub-committee day) to ensure Board members are kept abreast of progress. • The Board formally agreed the revised Terms of references, agreeing the proposals noted above including the proposal to limit 	<p>AP2/231019</p>
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	Board members to a maximum of two sub-committees.	
Agenda item 5	<p>Independent Pension Specialist Update (Paper 8):</p> <p>SA highlighted key issues from paper 8, which summarised current issues in the pensions arena most relevant to the TPS:</p> <ul style="list-style-type: none"> • <u>Pension Dashboard</u>: SA flagged that a pension dashboard steering group had been set up with diverse interests represented. Current considerations were around what would be included and SA noted that this might be in the realms of a minimum viable product (MVP). NM observed that the group only consists of private sector representatives, but JR explained that public sector information was due to follow private sector information on to the dashboard, so this was understandable. He added that DfE is involved via MOCOP (the cross-Government policy group for public service pensions). NC mentioned that MAPS (Money and Pensions Service) is setting up a working group to test the dashboard proposals, and confirmed that, as data is critical for development of the dashboard, TP is better placed than many other schemes as it has an online benefit statement. <p><u>07/11/19 - post meeting Secretariat note:</u> We have confirmed with Cabinet Office that the Equiniti representative on the steering group works for MyCSP, and so there is a public sector rep on the group.</p> <ul style="list-style-type: none"> • <u>Future of trusteeships</u>: SA highlighted that TPR had published a consultation documentation on the future of trusteeship and governance in occupational pension schemes and was looking to improve the quality of both schemes and of trusteeship. • <u>Transfers</u>: SA felt that the increased compensation payment was note-worthy and illustrated the ombudsman’s changing appetite for directing substantial payments. • <u>Shared parental leave pay</u>: Again noteworthy regarding the potential impact on pensions depending upon pay arrangements. • <u>Longevity issues</u>: Board members noted the further details regarding trends in life expectancy/longevity and the fact that the rate of improvement is declining. JR advised that GAD use national longevity figures for valuation purposes. • Board members agreed that it was very useful to see the overview of the private pensions industry and helped them to identify issues that might trickle down to the public sector, which in turn would help with forward planning. 	
Agenda item 6	<p>Update from Scheme Advisory Board (SAB):</p> <p>JR confirmed that SAB met on 17 July; the key topics covered were:</p> <p><u>McCloud/Sargeant case:</u></p> <ul style="list-style-type: none"> • JR referred to the McCloud update provided by John Brown at the 	

	<p>September sub-committees, which detailed the issues surrounding the case and work on the project to date. The Case Management Discussion for the judges' scheme has now taken place but there is no feedback from this as yet. JR noted, that the make-up of the judges' scheme, in particular the large proportion of protected members and the huge difference between the final salary and career average arrangements, mean it is probable that the final solution for the judges' scheme will be different to that for other public schemes.</p> <ul style="list-style-type: none"> • The Case Management Discussions for the other schemes, firefighters and police, are due to take place later in October /before the end of the year. Those are likely to be of more relevance for the TPS. • The Employment Tribunal hearings are then expected to take place in Spring 2020. In the meantime DfE and TP are gearing up activity, and within that have recruited additional staff to deal with remedy identification and implementation issues. <p><u>Valuation:</u></p> <ul style="list-style-type: none"> • JR gave an update on valuation, informing the Board that the new employer contribution rate is now live. The funding for this is heading towards organisations and a supplementary fund has been established for those organisations where there are different teaching levels from when the funding levels were set. <p><u>Other policy issues:</u></p> <ul style="list-style-type: none"> • Amending regulations as a result of cases such as Brewster and Walker, are now in place, having come into effect on 1 September 2019. • DW noted that the SAB had agreed to review the two-tier ill health provisions; results may have implications in terms of service delivery and communications. JR confirmed that an update will be provided as the review progresses. 	AP3/231019
Agenda item 7	<p>Service Delivery & Maintenance of Data sub-committee (Paper 11) :</p> <p><u>Employer contribution rates:</u></p> <ul style="list-style-type: none"> • JW reported that all arrangements are in place in TP to deal with the change to employer contribution rates, with comprehensive communications being sent to employers ahead of the start date. <p><u>Casework backlog:</u></p> <ul style="list-style-type: none"> • The original total of 44,000 outstanding cases has been reduced to 21,000 by the end of September. Good progress continues with the easiest cases being dealt with first. This means that when the more complex ones are tackled, rate of clearance will slow. Plans are on track to clear all by the end of March 2020. JR noted that changes within wider Capita had impacted progress on recruitment, but issues had now been resolved and he continues to brief new management to ensure they understand the requirements of TP. In addition, the contract management team continue to monitor the recruitment activity and the size of the team appointed. A progress update will be provided at the next Service Delivery sub-committee meeting. NM confirmed the 	AP4/231019

Board was reassured by progress on clearing the backlog.

Summer retirements:

JW reported that 11,400 summer retirements applications had been successfully actioned to time.

Data Reporting Evolution:

- JW advised that NC had updated the sub-committee on data reporting improvements. TP plan to use MCR to monitor performance of employers more closely which in turn will enable them to target support where it is most needed.

Dashboard:

- NM took the opportunity to raise a concern regarding a disparity between the dashboard overview document (paper 9) and the dashboard (paper 10). He felt there was a disconnect between the judgement that TP's performance had been rated green for the quarter, when many SLAs and KPIs had consistently not been met for the previous three quarters.
- NC explained that a number of the significant targets were all set at 100% which was very challenging and that just a couple of missed cases significantly affected the attainment rate. He and JR added that this means that taking a linear view on the number of SLAs missed therefore tends to overstate the extent of any performance dip. NM acknowledged this, but felt that this and the overall factors involved should be better reflected in the dashboard commentary - for example more explanation of the issues behind the ratings, including mitigations.
- JG felt it was inadvertent misrepresentation.
- SC explained there was some anomaly around the timing between closing a (backlog) case and it counting towards the SLA, which might skew the figures.
- Considering all the positive feedback from the CEM report at item 2, LP said he felt that this was a presentational issue, but that explanations should be included in the narrative to explain why 65% of failed targets is judged as green.
- As more clarity is needed KC suggested that officials reflect on the conversation and review how the information is presented for next time.
- NM agreed that was a good idea and formally noted the Board's views, particularly on the rating given. JR reiterated the various factors taken into account in what was a finely balanced judgement, including the points already raised above and the actions being taken to address the backlog and performance issues (in particular around the recruitment of new/additional staff). He undertook to add to the reporting as suggested, including making sure that judgements on performance and risk are clearly set out separately, and reflect on the points raised about ratings.
- NM asked whether the Board could be reassured that they will see an improvement in performance during the next reporting cycle. JR reiterated the point SC had made during this discussion (about clearance of the backlog skewing current SLA performance negatively in the short-term), adding that he expected to see the statistics show positive news on clearance of

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	<p>the backlog, but the picture on SLA performance was likely to dip until the backlog had been cleared – not because current cases were being handled outside of targets but because cleared backlog cases would show up as cleared cases that missed target.</p>	
Agenda item 8	<p>Information to Members & Communications sub-ctte (Paper 12):</p> <p>JH confirmed that the issues the sub-committee had agreed to highlight to the Board were:</p> <p><u>Aged cases:</u></p> <ul style="list-style-type: none"> • Already covered in discussion elsewhere. <p><u>ESFA/TP joint presentation on Academy Engagement:</u></p> <ul style="list-style-type: none"> • ESFA/TP had delivered an informative joint update on academy engagement setting out how both currently communicate with academies, where they currently work together and information on next steps and plans to improve engagement and communication. In particular, there are plans to develop the welcome pack circulated to all new academies and both are considering ways to address the issues around generic email addresses, whereby a named school contact needs to be included in order for email to be delivered. • JH reiterated the concerns raised regarding lack of specialist pensions knowledge particularly in single academy settings, where they do not have the backup of, for example, LA knowledge. • JG confirmed it had been very useful to have ESFA attend and hear first-hand the concerns of the sub-committee and to hear how they planned to tackle the issues. DW noted that ESFA have an enforcement role and wondered to what extent could these powers could be used to improve matters (e.g. within the financial notice) although JR advised not to conflate the two issues and that compliance with the financial regulations of the scheme is a separate issue. • SC confirmed that both the strategic and operational risk registers contain controls related to building links with ESFA, and JG confirmed that the Managing Risk sub-committee continue to monitor this and will highlight any non-compliance issues that arise. • The IM&C sub-committee will continue to monitor the joint engagement plan and an update is due for the December meeting. 	s/c action
Agenda item 9	<p>Managing Risk and Internal Controls Sub-committee (Paper 13):</p> <p>JG confirmed that the two issues that the sub-committee agreed to highlight were:</p> <p><u>Cyber security and fraud prevention:</u></p> <ul style="list-style-type: none"> • TP had only one recent case of fraud, which had been swiftly dealt with. The sub-committee were content with the assurance provided by TP on their procedures and controls in place to deal with such instances. <p><u>Independent schools leaving the scheme:</u></p> <ul style="list-style-type: none"> • JG advised that this issue remained a concern, due to increase in 	

	<p>numbers. JG is aware that challenges are being made by members in private schools where the employer is seeking to leave the scheme. (MR1/250919).</p> <p><u>Risk assurance:</u></p> <ul style="list-style-type: none"> • NM noted the assurance taken by the sub-committee regarding operational and strategic risk registers. 	
<p>Agenda item 10</p>	<p>TP Update:</p> <ul style="list-style-type: none"> • NC highlighted some of the operational challenges around processing September retirements - for example on 2 September TP actioned 6,000 retirements and paid out £370 million (lump sums). • He confirmed that despite the soft roll-out for webchat it was proving to be very popular with 3-4,000 contacts a month initially, rising to 7-8,000 contacts currently. • He confirmed that early analysis on work to process increased employer contributions showed it was progressing well, although some employers were paying in two instalments - one for the old amount and a further one for the additional amount. DW noted that information on the pension grant had just been published and suggested it would be useful for Board members to receive a link. • NC confirmed that currently 89 independent schools (c3,000 teachers) have signalled their intention to withdraw from the scheme. DW noted that although this is a small proportion of the 700,000 membership it does represent around 8% of the independent sector and so bears keeping under close review. • LP noted that some employers are moving support staff from the LGPS to smaller providers in order to save costs. • CJ mentioned that UCU and some post '92 universities are setting up subsidiary companies and moving staff into them as a cost-saving measure. He also asked for confirmation that the pension grant is "new money" - DfE will follow up and circulate information. • NC advised that TP had issued 3500 Annual Allowance statements. 130 cases are to be reviewed, which included a couple of potential breaches by employers which will be reported to the Regulator as appropriate. • DW noted that TP have produced a very good factsheet and FAQs on McCloud; these are available on the website. • JR took the opportunity to update on <u>TPR's Supervisory Review</u> (held over from item 3), which had made a couple of minor recommendations: • One was in relation to the 17 cases TPR had noted as referred directly to them between January and July 2019 (as opposed to TP). NC advised that of the 17, nine had already been addressed under business as usual. Of the eight remaining, four had since been corrected via follow-up with the members/employers (e.g. gap in service issues) one service history has been re-built using service and salary information on payslips, and one case should be with the LGPS not TPS as the individual is a teaching assistant. This 	<p>AP6/231019</p> <p>AP7/231019</p>

	<p>leaves two outstanding still to be resolved. The Board were reassured that there was no systemic underpinning issue to be addressed.</p> <ul style="list-style-type: none"> • DW noted that the 17 complaint cases referenced in the TPR’s Review had all approached the regulator directly rather than raising their problem/issue with TP. • It was agreed that there should be a communication exercise (via MPO) to encourage members to seek assistance from TP in the first instance to resolve problems, rather than going to the regulator as a first port of call. • SC and NC are meeting with the regulator to report on and discuss these 17 cases. • The other recommendation was around individual training plans for Board members. The secretariat currently prepares individual induction packages and then records all training received by members on individual learning logs (including presentations etc. at sub-committees and TPSPB meetings). This meets the Code of Practice requirements, but documents are being “re-branded” to match TPR’s suggestion. NM observed that there might be some opportunities for more pro-active supplementary training. • NM noted that the recommendations are being actioned and updates will be reported to the Board. • LP felt it was important to acknowledge how positive and supportive of TP the report had been. NM confirmed the report had been welcomed and it illustrated TP and the department’s willingness to work with TPR; he asked for NC to pass along acknowledgment and thanks to colleagues in TP. • NC left the meeting prior to the consideration of commercial matters. This ensures that Capita are in the same position as other potential providers within the re-tendering exercise. 	AP8/231019
Agenda item 11	<p>Commercial sub-committee update:</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 23 October 2019 and will be shared with Board members.</p>	
Agenda item 12	<p>AOB:</p> <p>Optima Health update:</p> <ul style="list-style-type: none"> • JR advised that the contract for ill health advice had been won by Optima Health, the current providers, following an open competition. The new contract includes some improvements particularly around data and management information. • JG advised that he had just realised he had failed to include details of his role as Chair of the Trustees of the NUT Staff Pension Scheme on the Register of Interests. Secretariat to update. 	AP9/231019
	The next meeting will take place on Wednesday 22 January 2020, in	

	Sanctuary Buildings, London.	
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Minutes agreed : *Neville Pacey*

Date: 30 October 2019

Minutes circulated to Board members for review on 30 October 2019, as a result the following changes were made: <ul style="list-style-type: none">• None
Minutes to be agreed by TPSPB at 22 January 2020 Board meeting.
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 a copy securely stored.

Final Signature:

Neville Pacey

Date: 22 January 2020