

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

22 June 2022 - (by Teams teleconference)

Present:		
Susan Anyan	Independent Pension Specialist - Chair	SA
Chris Jones	Member Representative	CJ
Susan Fielden	Employer Representative	SF
Kate Atkinson	Member Representative	KA
Neville Mackay	TPSPB Chair (observer)	NM
Anna Alderson	DfE Senior Contract Manager	AA
Amy Gibbs	TP Head of Governance and Risk	AG
Melanie Phillip	DfE Policy Team Leader Casework, Correspondence and TPSPB	MP
Helen Cowan	DfE Secretariat Manager	HC
Ruby Kennedy	DfE Secretariat	RK
Kelly Elliott	DfE Secretariat	KE
Anna Leonard	DfE Head of Supplier Management (observer)	AL
Apologies		
David Butcher	Employer Representative	DB
Richard Lees	DfE Finance Manager	RL
Keith Barker	TP Head of Scheme Finance & Payroll	KB

	Item	Action
Agenda Item 1	<p>Welcome and Apologies:</p> <ul style="list-style-type: none"> SA welcomed those in attendance and two observers, NM and AL and introduced MP, the recently appointed DfE Policy Team Leader Casework, Correspondence and TPSPB. Apologies were received from DB, RL and KB. The minutes from 23 March 2022 were ratified. 	
Agenda Item 2	<p>Actions from the previous meeting:</p> <ul style="list-style-type: none"> The sub-committee agreed that all actions were closed. 	
Agenda Item 3	<p>Programme Management Executive Overview with Risk Update</p> <ul style="list-style-type: none"> AA reported that the overall Programme for the last quarter is rated Amber because of delays to the schedule of work for Transitional Protection (TrP) Monthly Contribution Reconciliation (MCR). AA confirmed that the intention is to communicate with members affected by TrP regarding their Deferred Choice Underpin (DCU) from October 2023. This is when the member can decide how their pension is calculated – either taking service accrued between 2012 and 2015 as Final Salary scheme or Career Average scheme service. The Department is awaiting the final directions from Her Majesty's Treasury (HMT) to provide the legal basis in order to proceed. The Department and TP colleagues are working on the re-plan to define what can be delivered in the timeline before the end of current contract on 30 September 2025. An update will be provided in the next Quarterly report. The Essentials CAN 149 provided commercial cover to allow TP to start the work and recruit 	MR1/22062 2

	<p>resources. The Balancing CAN 152 contains most of the rectification work which has been paused pending the replan.</p> <ul style="list-style-type: none"> • Regarding MCR, AA highlighted, as at the end of May, 40% of employers have onboarded. The intended deadline to onboard all employers is May 2023. • AA confirmed that the Continuous Improvement Programme (CIP) includes enhancements to the current service. Multi-factor authentication (MFA) was successfully launched on 10 May and the programme was now looking at redeveloping five online forms; three are on track to be delivered by August and two in September. The Notification of Death form has already gone live. • The CIP project is rated Green although the overall programme risk has remained Amber. AA provided reassurance that the risks are monitored through the monthly Risk Committee. • CJ queried when and how much time members affected by transitional protection had to make their DCU decision. • AA confirmed that members who had not yet retired would choose a scheme upon retirement. Members who had retired would make their choice from 2023. This meant that records for both options would be maintained until the member made their choice. • CJ asked if there was a long-term risk regarding workload. • AA assured the committee that the workload had been identified and built into both current and future contracts, so the risk was being managed. SA confirmed that it was common practice in the private sector for more than one calculation to be generated at retirement. • NM sought assurance that projects have not had a consequential impact on one another. • AA advised each project has its own risk register and interdependencies were clearly identified and managed to minimise the impact across the programme. • NM requested a more balanced overview be included in future reports, including areas that have affected the programme and any mitigations. • SA noted that risk summary PG03 referenced IT resource being an issue although this was not detailed in the narrative. • AA offered to include a section to future iterations of the paper around interdependencies and how they are being managed. Board members agreed. • SF queried whether the committee needed to worry about IT. • AA assured SF that it was being monitored and increased resource has been allocated to that team to ensure delivery deadlines were met. • SA noted the programme on a page was very helpful. She queried if there was anything that was being managed by the Programme Board that was not included on this page. AG and AA confirmed that although there are other areas of CIP, no commercial arrangements have been made so these are not on the plan at present and are not being managed by the Programme Board. AG offered to include CIP BAU items in the Quarterly report for assurance. • NM asked for confirmation of whether the CIP was part of the overarching TPS development programme or a standalone programme. • AA confirmed CIP is part of the overarching development 	<p>MR2/22062 2</p> <p>MR3/22062 2</p>
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	<p>programme.</p> <ul style="list-style-type: none"> SA noted the programme risk overall is Amber and recognised there is engagement from all parties to keep items on track. 	
<p>Agenda Item 4</p>	<p>Finance Update</p> <p>Monthly Contribution Reconciliation (MCR)</p> <ul style="list-style-type: none"> AA highlighted project challenges around resourcing for onboarding and error correction proving significantly more time consuming than projected. The replan has been devised and the Department and TP are discussing additional resource for the project. The MCR project team has been separated into two teams – an onboarding team and a BAU team. Recent months have seen an increase in the amount held in suspense accounts to protect the scheme due to errors in the data being provided through MCR. The Department are looking to negotiate with TP additional suspense account resource to work with employers on a one-to-one basis to reduce errors. AA noted that changing employer behaviour has proved more difficult than anticipated but strategies were in place to incentivise employers. <p>End of Year Certificates (EOYC)</p> <ul style="list-style-type: none"> AA indicated that good progress has been made securing returns of EOYC's but there remained a number outstanding and alternative sources for assurance were being considered. AA will provide an update to this sub-committee and in the Quarterly report. SF queried which years are outstanding. AA responded that returns were outstanding from 2018/19 and from 2020/21. This was partly due to Covid as auditors could not attend and the from academies that have merged into MATs or closed. SF queried whether EOYC's could be requested at the point of closure or merger. AA confirmed that she was working with ESFA to obtain more timely information about possible mergers / closures. SA was reassured that the stats were not too high but recognised it was an ongoing challenge, particularly around the lack of assurance over outstanding EOYC's. <p>Office for Budgetary Responsibility (OBR)</p> <ul style="list-style-type: none"> AA confirmed that OBR commission had been received on 24 May with a provisional deadline of 19 August to respond. This deadline is 3 weeks earlier than expected although there is the possibility of an extension. TP resource has been reprioritised to meet this deadline, so the timeline is on track for delivery and there are currently no significant challenges in deliverables. If any issues occur between now and the next sub-committee meeting in September, AA will inform SA. <p>Audit</p> <ul style="list-style-type: none"> The main scheme audit commenced on 2 May and is scheduled to complete this week. Deloitte are still to complete their actuarial report. 	<p>MR4/22062 2</p>

	<ul style="list-style-type: none"> • Three observations are expected on the management letter which are: <ul style="list-style-type: none"> ○ 95 members were identified on the DDRI record for 2 consecutive years, but pensions have remained in payment. Corrective action will be taken on a phased approach, ○ chase-up activity to recover outstanding data errors is not being delivered consistently, and ○ the onboarding of MCR and the intention of rejecting payments and suspending accounts if errors are not rectified by the fourth month. • SF queried what DDRI meant. AG confirmed it was Disclosure of Death Registration Information and explained it was a monthly process to identify death cases. • NM confirmed he had attended a pre meeting for the department's audit and risk committee and that nothing significant had been identified by auditors. 	
Agenda Item 5	<p>Forward Workplan Topic: Mid-year review of TP's Group Internal Audit (GIA) audit programme</p> <ul style="list-style-type: none"> • AA referred to the GIA audit plan as agreed by the department which was issued on 18 June. • There were four management audit actions identified and responded to as part of the findings which will be implemented between August and November. This is anticipated to close the audit report successfully. • AA highlighted that the Quarter 1 single audit sampling will not cover all of the Goodwin casework. • MCR was supposed to take place in Quarter 2 but has been deferred to Quarter 3 in response to the MCR replan exercise. • In Quarter 3 the audit around HR people management has been brought forward to Q2 to replace the MCR audit. Audit is scheduled to commence from 4 July with a completion report scheduled to be delivered to the department on 2 September. The September sub-committee may not have the final report, but an update can be given on the findings. • An overdue action from the 2021 audit plan (relating to the 'Debtor Control Account' audit) has been deferred to 30 September but it is anticipated this deadline is achievable. • SA was concerned with how confident AA was that 3 GIA topics could be achieved within one calendar quarter. • AA advised that through both regular conversations around prioritisation of workloads and assurance from TP in regard to resource, she is confident they would be completed to the timetable set out. 	MR5/22062 2
Agenda Item 6	<p>Review of Papers 4 & 5</p> <p>Dashboard:</p> <ul style="list-style-type: none"> • SA noted that the risks clearly reflected the topics discussed and confirmed they instinctively feel correct. No members objected to this. • Susan reminded the sub-committee that the Quarterly report provides an updated position when compared to the Dashboard. 	

	<p>The Quarterly Report:</p> <ul style="list-style-type: none"> • AA highlighted that the Pensions Regulator was being used to enforce the regulatory obligations of employers where they are not compliant. However, this is minimal numbers within the quarter. • AA highlighted the variance in the cash position and summarised that we were in a good position regarding contractor and departmental costs. • SF asked for a sense of whether we are within the tolerance as it was not clear within the report • AA assured SF that we are within tolerance in terms of the financial quarter. She offered to include an additional paragraph in the report to clarify the tolerance level. • CJ expressed concerns that there is a risk that individual members of TPS opt out to join rival schemes. SA identified that this risk was likely to be amplified due to the current economic climate. AA confirmed communications were encouraging members to stay but recognised there could be increased departures following the publication of the valuation results. • NM indicated that he would raise it at Board level and suggested that the Information to Members and Communications sub-committee should revisit this issue. AA suggested the Scheme Advisory Board (SAB) was also an appropriate forum in which to raise this. All members agreed. • SF queried if other employers were able to withdraw from the scheme or if it was limited to Independent Schools and function providers. • AA provided assurance that most of the employer base have a legislative requirement to join and stay in the TPS. • SF further queried the maximum loss from the scheme if all who did not have a legislative requirement to stay were to withdraw. • SA and NM reminded the subcommittee that it is a low percentage and that this is unlikely to be material • KA clarified that the number of members may be a more appropriate assessment rather than number of employers. SA agreed the focus was on employees not employers. • CJ indicated that individual members can opt out, even if there is a legislative requirement for employers which could make the numbers much higher. 	<p>MR6/22062 2</p> <p>MR7/22062 2</p>
<p>Agenda Item 7</p>	<p>Review of Operational and Strategic Risk Registers</p> <ul style="list-style-type: none"> • SA noted that there were no risks that indicated a cause for concern. • She highlighted that there had been no new emerging risks. AA confirmed this. • SF queried the medium risk around staff absence (OPO11) and requested an update on this. • AG explained there was a resourcing issue due to staff absence in the contact centre, but this is being monitored closely and service levels have been maintained. She highlighted that the net risk has now been reduced since this version of the Risk Register. • SA asked whether the higher than usual volume of workloads in March has reduced. • AG explained that volumes were still high in the contact centre, but the Operations team are working closely with analysts to monitor this. 	

	<ul style="list-style-type: none"> • AA highlighted that increased contact centre traffic may be a result of the summer retirement exercise which may be seeing higher interest as a result of retirement plans being put on hold during Covid-19. • KA indicated she had heard anecdotally of increased appetite for retirement due to members being tired or too ill to work following Covid. • SA asked AA to confirm whether this topic was covered in the SD&MoD sub-committee so assurances could be given to the Board. AA confirmed it was discussed. • SF queried if any modelling was happening around the risk of academy conversions (EM002) and how that might evolve over the next 5-10 years. • AG confirmed that TP are working closely with the department and have advance sight of a report that details future planned changes. • CJ referenced a very recent piece of case law which has defined long covid as a disability. He highlighted this may present a risk of an increase in early retirement applications on ill health grounds and expects the law to evolve on this over the next couple of years. 	
Agenda Item 8 & 9	<p>Three issues to report to the Board:</p> <ul style="list-style-type: none"> • Group Internal Audit (GIA) • Accounts finalised • Risk of members opting out of the scheme – establishments and individuals <p>Agree whether any individual papers or presentations should be shared with the rest of the Board for information:</p> <ul style="list-style-type: none"> • It was agreed that no papers required wider circulation to the Board. 	
Agenda Item 10	<p>AOB</p> <ul style="list-style-type: none"> • SA thanked everyone for their attendance and noted that this sub-committee meeting was CJ's last. She wished CJ well for the future and expressed thanks for his valuable contribution and challenge whilst on the committee. • CJ thanked Susan and commented that it was a delight to serve as a Board Member over the past 5 years. • Susan also recognised the contribution that DB has made, although he could not be present. • SA noted that the next sub-committee would be face to face on 21 September. 	
Next meeting	21 September 2022	

Minutes agreed by Chair: *Susan Anyan*

Date: 8 July 2022

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

Ratified at sub-committee meeting on 21 September 2022