**Teachers’ Pension Scheme Pension Board (TPSPB)**

**TWELTH BOARD MEETING: 18 April 2018**

**MINUTES**

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| **Present:** |  | **Also Attending:** |  |
| Neville Mackay (Chair) | NM | 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 | Neneh Binning (DfE Senior Risk & Finance Manager) | NB |
| David Butcher (employer representative) | DB | Sue Crane (DfE Senior Contract Manager) | SC |
| Roy Blackwell (employer representative) | RB | Peter Springhall (DfE Commercial Project Mgr) | PS |
| Jerry Glazier (member representative) | JG | **Secretariat:** |  |
| Julie Huckstep (member representative) | JH | Karen Cammack (DfE – Secretariat) |   |
| Iain King (DfE representative)  | IK | Fiona Laundy (DfE – Secretariat) |  |
| Chris Jones (member representative) | CJ | Kathryn Symms (DfE – Secretariat) |  |
| Trefor Llewellyn (employer representative) | TL |  |  |
| Lee Probert (employer representative)  | LP |  |  |
| David Trace (member representative) | DT |  |  |
| Dave Wilkinson (member representative) | DW |  |  |
| Jackie Wood (employer representative) | JW |  |

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|  | **Item** | **Action** |
| Agenda item 1 | **Introduction, attendance, apologies:*** NM introduced himself expressing his pleasure at being asked to be Chair of the TPSPB.
* There were no apologies.

**Minutes of the previous meeting:*** The minutes from the 17 January 2018 meeting were agreed as an official record of the meeting.

**Register of Interests:*** No potential conflicts were raised. Board members were requested to remain vigilant regarding future potential conflicts.
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| Agenda item 2 | **Update on action points**:* JR noted that officials are meeting with Prudential (who are conducting a TAVC fund review) on 19 April to discuss their first stage proposal. They will report to the Management Action Group (MAG) who oversee this provision. The intention remains to invite Prudential to update the TPSPB on funding changes, probably at the October meeting (AP 11/260417 & 7/120717).
* JR reported that the chairs of the “Big 4” public sector pension schemes remain interested in sharing ideas, learning and good practice, particularly to help inform procurement activities. They also remain interested in how CEM Benchmarking data can be cast to show just the four schemes. Officials are ready to assist and facilitate as required.
* Remaining actions are now closed, or feature within the agenda.
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| Agenda item 3  | **Service Delivery & Maintenance of Data sub-committee:** * DW noted how informative and useful Papers 5-9 are, in particular Paper 6, which provides a very helpful overview from the Department on the key issues featured on the Dashboard, and the annex to Paper 7, which captures the detail of the issues dealt with by via the underpinning governance meetings.
* He reminded the Board that Paper 9 contains a summary of the discussions that took place at the Service Delivery sub-committee meeting. These had focussed on those “decline in service” issues that are now being addressed (such as the backlog of bereavement cases and concern following Capita’s financial distress event, which led the Department to interrogate the financial fitness of Capita).
* The issues that the Service Delivery sub-committee agreed to highlight to the TPSPB were:
* MDC: This had initially seemed like an insurmountable challenge, but as at 21 March only 686 members had yet to be on-boarded. The Board agreed, and noted for the record, that this was a significant achievement.
* Support continues for those employers still to on-board; pages 22-26 of the Service Delivery report outline the steps taken to address issues and problems.
* SC and DH confirmed that “lessons learned” are informing MDC2 development and that these, and best practices, are to be shared with Cabinet Office shortly. It was agreed that details will be shared with the Board.
* Migration from RHM (secure environment) to cloud: DH updated the Board indicating that proof of concept work and high-level design have been successfully completed. Business readiness planning is underway, and TP are on track for migration in late July. However, contingencies are being developed to avoid the summer retirements period if required.
* The switch-over will take place over a weekend to minimise disruption and a range of communications is planned, although users should not notice any difference. Continual assessments will be made on feasibility and business readiness.
* Risks are being managed via the dedicated Project Board (issues log) and the strategic risk register (with an update being due to take account of recent developments); control frameworks are in place.
* GMP reconciliation: continues to progress well and within project timelines, though handling second queries remains an issue and TP/DfE are working with HMRC to seek to address those. On equalisation and indexation, JR confirmed that HMT have announced an extension of the interim solution to April 2021, whilst they consider the longer-term solution – this is helpful as it avoids the spectre of having to implement changes at the same time as the reconciliation project is in full swing.
* DfE’s Permanent Secretary (as accounting officer) has agreed to write-off overpayments - this reflects the approach taken across public sector schemes.
* Next steps include the development of letters to members to explain write-offs and adjustments to their pension, as well as to refine the communications programme. It was agreed that the IM&C sub-committee should be sighted /involved to ensure they are content on the overall approach to messaging and disseminating information.
* Bereavement cases: DW noted the lengthy discussions that had taken place at the sub-committee meeting, which included the resources TP have available to deal with increasingly complex cases.
* TP are prioritising cases where there is an ongoing entitlement to benefits, but the target to deal with all outstanding cases by April has not been met.
* SC mentioned that TP had provided DfE with a forecast of resource versus likely casework and had begun recruitment of additional staff for the bereavement team.
* TL queried the nature of the complexities and why things seemed to have become worse recently. SC explained that bereavements had always been a challenging area but that complexities of lifestyle and increased expectation had impacted handling time.
* Resource bidding process: DW considered the Benchmarking report to be a useful tool to inform debate as it sets out the costs of administering the scheme and the available resources. LP noted that whilst the Benchmarking data was useful it did not indicate a causal link between costs and satisfaction and suggested that whilst some processes will be affected by an increase in demand or reduction in resources, some would not.
* JG suggested it was incumbent upon the Board to understand the changing resource requirements and consider the balance between high quality service and cost, and whether the resource is adequate to deal with the demand.
* JR noted that whilst the number of members has increased this does not necessarily equate to a proportional increase in activity. Additionally, there are clear contractual arrangements regarding costs, which lead the DfE to pursue value for money.
* However, TP’s request for additional resourcing is currently under consideration at both QSB and Executive Review level within the Department, with DfE commercial colleagues providing challenge.
* The Department will look at the resource issue in totality, and is committed to progressing matters as soon as possible, but the case must be up to NAO scrutiny should that eventuality arise.
* The Board felt that the discussion on resources was a good reflection of their concern about the quality of delivery, and that further debate would likely take place at future Board meetings.
* The Department will keep the Board apprised of progress.
* JW highlighted that, for the first time, the complaints dashboard (paper 8) had itemised bereavement within the case type and suggested it would be useful to track progress on this. DH mentioned that often these complaints were associated with a late notification of death, which had resulted in an overpayment.
* The Board agreed that it would be useful to see some further data on the level of bereavement complaints, along with some trend data, at the next meeting.

  | AP1/180418AP2/180418AP3/180418AP4/180418 |
| Agenda item 4 | **Additional Service Delivery Items : Telephony update (paper 10):*** The Service Delivery sub-committee had discussed telephony issues, focussing on wait times, Contact Centre related complaints and Outcome Measure 6 (feedback from members). The sub-committee recognise that issues are being addressed and that improvements are noticeable, which is supported by the figures. The sub-committee had also noted the anticipated peak in April as members engage with their tax affairs.
* SC informed the Board that TP have developed a range of scenarios, with supporting plans, to deal with varying increases in call levels. Currently scenario 2 is in place (dealing with 10-11k calls per week).
* The IM&C sub-committee is also looking at the reason for call element to determine if any lessons can be taken or developed.
* JG felt it was important to review the data regularly to determine improvement and make a realistic evaluation of what is practicably possible, given that an increase in member numbers will mean call volumes remain high.
* CJ commented that a greater availability of MPO options would drive an increase in engagement, which in turn would increase the number of calls, and that members are increasingly dissatisfied with a range of issues, including policy and political, over which TP has no control.
* The general consensus was that telephony is the biggest performance issue that the Board has thus far dealt with, and it was too early to remove it from the TPSPB agenda. Whilst the two sub-committees would continue to concentrate on the agreed areas of focus, the Board would continue to welcome regular progress updates (AP1/181017).
* The Board also debated what was considered “normal” and felt it would be useful to agree and articulate what the Board considered “normal” should look like and to clarify what determines a good standard of service in the context of telephony.
* It was agreed that the Sub-committees and the Board would reflect on this, and so it should be included on the next agendas for all.
 | AP5/180418 |
| Agenda item 5 | **Information to Members and Communications sub-committee:**DT highlighted key points from discussions at the IM&C sub-committee: * DWP Pension Dashboard: Paper 13 is the summary DT prepared for the sub-committee meeting regarding the cross government meeting he attended.

DWP are planning to introduce a Pensions Dashboard to collate all pension entitlements/assets (private, public and state) on a single page.* He confirmed that TP is in a significantly better position than any other scheme and, along with DWP, are the only scheme in a position to share data by the planned introductory date of 2019.
* There are a number of data and security issues still to be addressed / resolved as each scheme handles these differently. (DWP, for example, are not in a position to include accurate state pension details for some because of GMP data issues, and the Civil Service scheme has no on-line presence at all).
* TP has been involved since the outset and have a presence in the group; they are using the opportunity to influence and shape progress. TP are also sighted on the data requirements and are comfortable that they can meet these.
* JR confirmed that DfE are involved in discussions via the MOCOP network and a central networking group. Policy colleagues on the team link up operational and policy issues.
* DT noted that the key issues still to be resolved are who will host and who will pay. Board members also noted the range of risks and liabilities associated with the project especially around the accuracy of data across all schemes. JR confirmed that DfE will continue to play in all the security issues and highlight concerns.
* DB noted that there is a danger that valuable resources will be invested but provide no improvement to the TPS and its members. The Board agreed with NM that, should the agenda take flight, there would be a need for a more extensive discussion on the operational delivery of the project and its impact, as the Board needs to take assurance that appropriate dialogue is taking place between appropriate people.
* Opt-Outs: The deep-dive topic for the IM&C sub-committee had been TP’s communications strategy to address / minimise opting out. TP are working to improve interaction, to ensure people have the full facts when considering opting out and to improve the range of messaging to ensure that.
* The Board noted the discussions that had taken place and the data regarding opting out including that London has the highest number of opt-outs and that the main reasons were debt (such as student loans) and financial commitments (such as mortgages).
* They also considered the link between opting out and part time staff. CJ commented that the college sector has a higher opt out rate likely due to the high number of part-time and temporary contracts, and speculated whether “half-membership” might be solution (although recognised that this would need to be considered by a different forum). JR confirmed that these issues are actively being looked at by the TPSAB, which will be responsible for considering any policy developments needed.
* DW observed that the previous deep-dive topic of part time members had highlighted that TP segment their members into groups and target/ tailor communications, which allows for nuancing of messages. He considered that the presentation had covered some very useful research which the sub-committee will continue to monitor (re: IM1/131217).
* TP are driving the opt-out process online (although the option to request paper copies will remain). This provides the opportunity for linked messaging highlighting what members are giving up.
* DT confirmed that the IM&C sub-committee would continue to monitor the effectiveness of planned communications and strategies (re: IM2/131217).
* Retirement Journeys: The IM&C sub-committee had also looked at Outcome Measure 7 (recently retired members are satisfied with the support they received from TPS as they planned for retirement) and reflected on whether those considering retirement had sufficient information to help them make their decision. The sub-committee had discussed in particular those that do not engage at all with the process and how this could be addressed; the sub-committee will continue to take an active interest in the topic.
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| Agenda item 6 | **Managing Risk and Internal Controls Sub-committee:*** JG welcomed NB to the meeting.
* TP’s Financial ability to deliver the contract: JG noted that the last sub-committee meeting had taken place shortly after Capita’s financial distress event, and had therefore sought, and received, clear and detailed assurance regarding their financial viability, and had sight of the analysis conducted.
* SC confirmed that Capita are due to make an announcement regarding their financial position on 26 April, and JR advised that he is due to speak to the CEO of Capita Employee Solutions on the day and will feed back to Board members on the outcome of this.
* JG confirmed that the sub-committee had conducted a review of the strategic risk register, the risks identified, the level of risk, and the mitigations proposed. He informed the Board that in general they were satisfied with the handling of strategic risks. Following discussion the Board endorsed this view.
* MDC2: SC confirmed that a steering board, which included both TP and DfE representatives, had been established to oversee MDC2 - a project brief and associated timeline is currently under development. Current risks include the proliferation of employers and mitigations include considering the learning from MDC1 and obtaining the views of software providers on the specifications and next steps. Regular updates on the progress of MDC2 will be provided to the MR&IC sub-committee.
* TL suggested that the final proposal document should be reviewed by the TPSPB, particularly considering the risks that the proliferation of employers had caused in the implementation of the MDC1 project. It was recognised that DfE had helped mitigate this through user groups, and leverage across the Department via the

Audit and Risk Committee, but the potential future increase in employer numbers should be noted. | AP6/180418AP7/180418AP8/180418 |
| Agenda item 7 | **Additional MR&IC items:** * Strategic Risk Register: NM commended the strategic register as clear and comprehensive, but queried the relative lack of operational risks. SC confirmed that there is a separate Operational Risk Register (which includes policy risks) and JR reminded the Board of the interaction with the governance structure, which sees these risks managed by the Risk Committee, the Service Delivery Board and Quarterly Strategy Board. He further noted that big delivery risks do feature on the Strategic Risk Register and that the TPSPB has a good oversight of these.
* The Board discussed how to address this and it was agreed that the MR&IC sub-committee would review the operational risk register at its next meeting and consider whether the range of operational risks was adequately reflected in the strategic risk register. The MR&IC sub-committee was also asked to consider whether the operational risk register should be reviewed on an annual basis by the Board.
* It was agreed that DfE would provide each sub-committee with a paper setting out the main risks facing each sub-committee area. Sub-committee chairs would then report back to the MR&IC and TPSPB.
* The Board confirmed they were content to review the Strategic Risk Register annually at the Spring meeting (AP8/260417).
* Annual Report & Accounts-governance section: NB confirmed that the interim audit has been completed by Deloitte and the membership and contributions reconciliation exercise is currently underway.
* JR noted that Deloitte’s analytics approach had caused some initial concerns, with the risk of it delaying the accounts process being noted on the Strategic Risk Register. Although this risk has not materialised for the current audit, Deloitte plan to extend the approach next year, using the analytics tool on a wider range of cases, and so we need to be mindful of this in assessing future risks.
* In response to TL’s query, SB/JR confirmed that Deloitte’s final Management letter is circulated to DfE’s Audit and Risk Committee, but agreed it could be shared with the MR&IC sub-committee.
* The Board confirmed they were content with the wording of the TPSPB element of the governance section of the report. NM queried whether it would add value to the report, and enhance the reputation of the Board, to include a link to the TPSPB’s Annual Executive Review. NB to take this forward.
 | AP9/180418AP10/180418AP11/180418AP12/180418 |
| Agenda item 8 | **Update from SAB:*** Valuation: JR confirmed that the Valuation Board continue to meet to discuss project progress and that directions were still awaited from HMT to allow the valuation process to be completed (he and SB would be meeting with HMT the following day 19/4). JR assured the Board that the Department has ensured that HMT are fully aware that time is now very tight if results are still to be implemented on 1/4/18 – and have emphasised the need to make sure that employers have sufficient time to properly implement the final result.
* JR confirmed, in response to JG’s query regarding the likely impact on valuation from potential delays, that any impacts from a shortening of the period the new rate applies for would be accounted for in the subsequent valuation process (i.e. as a deficit or surplus to be taken account of).
* Contribution tiers: SAB had discussed member contribution tiers and the majority view had been to retain the 6-tier structure to protect the lowest income groups. Once HMT have confirmed the final assumptions the Department will seek to confirm the final structure and supporting communications will be cascaded.
* GMP: covered under agenda item 3.
* Exit payments: Central legislation is awaited to implement the 95k cap on public sector exit payments.
* Walker judgment (partner pension benefits): Direction from HMT has now been received and will be implemented to ensure same sex partners are treated on the same basis as the widows of male teachers.
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| Agenda item 9 | **AOB:** * There were no items of Other Business.
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|  | * DH left the meeting prior to the consideration of the commercial project. This ensures that TP are in the same position as other potential providers within the re-tendering exercise.
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| Agenda item 10 | **Commercial sub-committee update**:A full set of minutes (and actions) will be produced from the sub-committee meeting, which took place on the morning of 18 April 2018, and will be shared with all Board members.The remainder of this section has been removed to ensure commercial sensitivities are maintained. A full version of the minutes, signed by the chair and agreed by the Board at its subsequent meeting, is held by TPSPB secretariat team within DfE. |  |
|  | The next meeting will take place on 18 July 2018, at DfE Sanctuary Buildings, London. |  |



Minutes agreed : Date: 24 April 2018

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| Minutes circulated to Board members for review on 26 April 2018. As a result the following change was made :None |
| Minutes agreed by TPSPB at 18 July 2018 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: Date: 19 July 2018