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

 **18 October 2023 (By Teams)**

**MINUTES**

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| **Present:****Board Members** |  | **Also Attending:** |  |
| Neville Mackay (Chair) | NM | Alistair Dennis (Head of Teachers’ Pensions at Capita) | AD |
| Lisa Sproats (Employer Representative) | LS | Alyson Collingwood (TP Head of Operations | AC |
| Susan Anyan (Independent Pension Specialist) | SA | Anna Leonard (Head of Supplier Management, DfE) | AL |
| Maria Chondrogianni (Member representative | MC | John Brown (DfE Head of Policy Projects) | JB |
| Susan Fielden (Employer representative) | SF |  |  |
| John Pratten (Employer representative) | JP |  |  |
| Peter Strike (Member representative) | PS | **Secretariat** |  |
| John McGill (Member representative)  | JM | Melanie Phillip  | MP |
| Yvonne Moult (Employer Representative) | YM | Helen Cowan | HC |
| Peter Springhall DfE (Deputy Director) | PSp | Zillay Usman | ZU |
| Heather McKenzie (Member representative) | HM | Loraine Dodds | LD |
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| **Apologies:** |  |  |  |
| Kate Atkinson (Member Representative) | KA |  |  |
| Simon Lowe (Employer representative) | SL |  |  |
| Amy Gibbs (TP Head of Governance and Risk) | AG |  |  |

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|  | **Item**  | **Action** |
| Agenda item 1 | **Introduction, attendance, apologies:*** NM welcomed everyone to the meeting, noting that Richard Caines from TPR sent his apologies.
* Apologies were received from Kate Atkinson, Simon Lowe and Amy Gibbs.
* NM advised that Kate will shortly be going on maternity leave and will stand down from the Board. She will be missed but will be given the option to return to the Board if she wishes.The Board sent their best wishes.

**Register of Interests:** NM noted there were three minor changes to the register, none of which prevented Board members from participating in the meeting.**Minutes of the previous meeting (Paper 2):*** The minutes were agreed as an accurate record of the meeting of

12 July 2023. * HM queried whether a decision had been made regarding the continuation of NM’s term of office with the Board.
* JB confirmed that the role was being advertised externally (closing date of 31 October) but the Department will look at the skill set of applicants and decide the best way forward. He will keep the Board informed.
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| Agenda item 2 | **Actions update (Paper 3):**NM discussed the ‘open’ actions - * ***AP3/191022 Review of TPS Regulations*** – JB confirmed that most of the Transitional Protection project was now at a delivery stage which will allow the Department to commence a review of the regulations as part of a wider consolidation project but highlighted this was a significant piece of work.
* ***AP6/120723 Opt-outs* from the scheme.** NM referred to the graph showing a trend to the current year.
* JB reported there had been an increase in opt-opts but this was not concerning and the spike around September was expected. He reassured the Board that the opt-out numbers remain a stable percentage of the overall active membership and are monitored regularly by the Scheme Advisory Board (SAB) who have robust systems to gather information.
* SF highlighted the possibility of double counting where teachers opt out of the scheme more than once and the difficulties with disaggregating that element of the data.
* JB agreed this was expected as a result of auto-enrolment and suggested it may be worth having a deeper dive on this topic.
* AD said he would take an action to discuss whether the data could be further disaggregated with his IT team and report back to the Board.
* JM highlighted that the characteristics of people opting out should be considered, i.e. disabilities, BAME, age and suggested this form part of the review into equalities and inclusion.
* HM asked if the recent issues with payroll providers were part of the problem.
* LS queried whether other pension schemes were seeing the same trends regarding opt-outs. JB offered to investigate this further.
* JP indicated that the opt-out rate was always higher in London due to cost-of-living issues. JB confirmed that SAB recognised that London and the South-East have the highest opt out rates.
* SA highlighted an article in The Times which reported NHS opt outs had increased and the former Pensions Minister had recommended that regulations be changed to automatically re-enrol people after a shorter time period, i.e. one year.
* NM confirmed that TP and the Department would take an action to analyse the data and confirm whether it was possible to remove duplicate opt-outs, and conduct a comparison with other public sector pension schemes. Once that work was completed, a decision would be made whether it be considered by the IMC sub-committee or by the Board.
* PS indicated that people also opt out towards the end of their career and suggested the Lifetime Allowance also be factored into discussions.
 | AP1/181023AP2/181023AP3/181023 |
| Agenda Item 3 | **Pension Specialist Update***Mansion House Speech** SA highlighted the Chancellor’s call for evidence to ‘help improve the skills and capability of pension trustees and remove barriers to making investment decisions’, which is in line with the Pension Regulator’s (tPR) desire to promote good practice for those running pension schemes. Board members can demonstrate the adopted good practice, even if not required to comply, subject to Regulations.

*McCloud Consultations – Excess Teacher Service** JB stated that TP is extracting information from affected member records and providing it to employers, so they can forward service information to the Local Government Pension Scheme (LGPS). The DfE is supporting employers, and the Local Government Association (LGA) and Department for Levelling Up, Housing and Communities (DLUCH) are working to minimise the burden on employers. JB acknowledged that although the process should not be complicated for employers with capacity, it is a burden. JB stated that it is a significant piece of work, and clarified that this consultation has been issued by the LGPS and not the TPS.

*Public Service Pension Scheme Actuarial Valuations* * SA commented that new HM Treasury Directions revoke and replace the previous ones. Valuations are due to be completed this month, with new rates applicable from 1 April 2024. JB confirmed that the valuation was due to be published shortly.

*Other news** McCloud and Annual Benefit Statements – SA noted that tPR has issued guidance for schemes to have "accurate, clear and accessible" communications to avoid affected members receiving confusing or misleading information.
* FCA Advice / Guidance Boundary – SA highlighted that the FCA and tPR recognise that schemes can sometimes be constrained by regulations in giving financial guidance which may help members to make informed decisions. It is worth monitoring the results of the joint review to analyse the potential impact on the TPS approach.

*Board members’ discussion** NM questioned the outcomes of the valuation process. JB confirmed that Scheme Advisory Board (SAB) members have been involved in the process, and until the results are published the outcomes should remain within the confines of the Board.
* JM queried if the timing of any changes adversely affected members. JB replied that members neither make up the difference of any target shortfall nor gain if the target is exceeded. Any difference forms part of the next valuation.
* SF enquired about Board members undertaking training sessions on complex areas to increase their skills and capability. NM noted that a training gaps log for Board Members was retained by the Secretariat and an assessment of any conclusions arising from this would be helpful. NM asked JB to consider this request. JB agreed to take this point forward.
* SA commented on the possibility of Board Meetings having a final agenda item where members can reflect on the meeting objectives and the nature of their discussions, to identify any learning points for the future. NM asked the Secretariat to discuss with him the possibility of incorporating such self-appraisal reflections into future meetings.
* PSp asked SF if there was a specific reason to prompt the request. SF replied that it would be good for members to request training, if needed, so that they could contribute fully as Board members.
 | AP4/181023AP5/181023 |
| Agenda Item 4 | **The Pension Regulator – Richard Caines sent apologies for the meeting.** |  |
| Agenda Item 5 | **Terms of Reference (ToR)*** NM referred to the Board’s ToR which had been discussed at a previous Board meeting but not formally approved.
* SF questioned paragraph 2.9 and 2.11 which contained the word ‘verify’ where others had ‘providing assurance’. She wondered why this was the case. JB agreed to take this action to review and amend if necessary.
* NM explained that the content of the sub-committee ToR were for the Board to determine and asked Board members if they were content with the IMC, SD&MoD and MRIC sub-committees’ ToR.
* SF queried how the sub-committees consider major projects as the MRIC ToR do not explicitly mention major projects. SA considered that the ToR of the MRIC were broad enough to capture all projects.
* SA referred to the statement within the ToR “*The sub-committee may consider any other relevant matter referred to it from any other sub-committee or from the Board”.* MP confirmed that the line had been added to the other sub-committees ToR as well.
* The Board agreed the three sub-committees’ ToR and confirmed they will be reviewed again next year (July).
* In respect of the new Transition sub-committee’s ToR, PS reflected there had been a reduction in bullet points as requested but he could not see a route for escalation of immediate but minor operational issues, or confirmation regarding frequency of meetings and distribution of reports.
* PS noted that the Transition sub-committee will generally meet one week before the other sub-committees and the next meeting is scheduled for 8 December. He also noted that there will be a standing update provided at the main Board meeting, and that minutes from the Transition sub-committee would be shared with Board members. He asked that TCS be invited to attend a Board meeting at the appropriate time.
* SA asked for the highlight report to be circulated monthly to the Board. AL agreed that it would be circulated on a monthly basis.
* The Board agreed the Transition sub-committee ToR and confirmed they will be reviewed again in a year.
 | AP6/181023Normally reviewed at annual chairs meetingAP7/181023AP8/181023 |
| Agenda Item 6 | **Incident Reporting Protocol (Paper 7)*** SA confirmed that a draft protocol had been considered by the MRIC sub-committee. The sub-committee had made only minor suggestions which had been taken on board and she was now recommending the protocol to the Board for approval.
* NM queried what would happen if an incident occurred late on a Friday afternoon when some people may be out of the office. It was confirmed that the DfE participator, Peter Springhall was the first point of contact and, in his absence, a Grade 6 deputy would inform the Chair or the Board as appropriate.
* SA highlighted the protocol envisaged the incident occurring at Capita but believed it was sufficiently flexible to adapt should an incident occur at the Department and that Peter Springhall (SRO) would be the first point of contact.
* The Board agreed the Incident Reporting protocol.
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| Agenda Item 7 | **Policy Update**JB reported that the Valuation and Transitional Protection updates had been provided in other agenda items throughout the meeting. |  |
| Agenda item 8  | **Service Delivery & Maintenance of Data sub-committee update:****Monthly Contribution Reconciliation (MCR)*** JM reported that the MCR pilot exercise had gone well and has now concluded.
* Data improvements and a significant data cleanse had occurred, and objectives on future delivery have been revised.

**Ill Health Update*** JM explained that there had been an escalation at the TPARG meeting held on 12 September regarding the delay in processing ill health cases and that the Department are working closely with Health Management to resolve the issues around the delivery of ill health and are awaiting receipt of a rectification plan.

**Transitional Protection** * JM advised that the preparatory work was complete for rectification on 1 October. There were two pieces of work underway, the project was in a good place and on track to deliver to the timescales.

**Summer Retirement Exercise*** Well done from the sub-committee on the Summer Retirement Exercise which was delivered a week ahead of deadline.
* NM thanked JM for his update and asked JB if there was a further update on Health Management (HMan)
* JB reported conversations with HMan had been positive and they had provided a plan detailing a solution. A meeting was scheduled for 19 October with senior officials from HM regarding implementation of the plan and the focus remained on resolving the current backlog which is reducing. JB will update at the next meeting.
* YM reported she was attending the Northern Teachers’ Pensions meeting on 20 October and ill health may be raised. YM said she would report that the ill health issue is in hand with the Department, and they are working with HM regarding the backlog. JB offered to give YM an update for any future meetings.
* NM referenced a presentation on data improvement strategy that the sub-committee had received and asked AD to clarify what the distinction was between data and digital strategies. AD reported that TP hold member data in many forms but not all of these forms are ‘digital ready’ i.e. can be used in a digital process. Getting data in the right format is key to being able to effectively use digital solutions, otherwise time-consuming manual workarounds would need to be invoked.
* NM asked if it would be helpful for the sub-committee to have details of data not held digitally. JM agreed it may be and suggested the sub-committee consider if further discussion is needed about the significance of non-digital data being held and whether more should be done to digitise it.
 | AP9/181023AP10/181023 |
| Agenda item 9 | **Managing Risk and Internal Controls sub-committee update:** * SA commented that the MCR pilot had been successful, however there are concerns whether all employers can be completely onboarded within the current contract term.
* SA reported that the subcommittee had requested more detailed onboarding data to understand the varying onboarding experiences of different establishments.

**Group Internal Audit (GIA)** * SA reported that the Hartlink change management GIA audit report had identified one improvement required related to password authentication, which has been dealt with and is completed.
* The data quality report was rated effective with no findings to take forward.
* SA remarked that an audit plan from RL is due. MP will check

**Health Management (HMan) Ill Health Contract Update:*** SA reported that there are far fewer and less aged cases in the backlog of cases although the complexity and time involved to assess each case has increased.
* SA voiced concerns about the timing of when the contract expires in March 2025, which is during transition, and highlighted the limited number of providers in the market.

**Transitional Protection*** SA noted that this was covered by other subcommittees.

*Board members’ discussion* * JM commented that there are increasing reports from members regarding missing service from academies and local authorities. NM queried if this related to the known issue concerning Cintra, the payroll provider. JM replied that it was not exclusively limited to Cintra.
* NM explained that some schools using the Cintra software have not been receiving updated pension information.
* AD reported that Cintra has recently acquired another payroll provider, where it has identified some data issues. These will be rectified by the end of October, and communications have been sent to employers to confirm there will be no long term impact. TP is working closely with Cintra and is confident that Cintra will return to previous good levels of service with no ongoing member impact.
* JM was partially assured but was aware of two local authorities who are experiencing similar issues that do not use Cintra.
* HM reported hearing anecdotal evidence that employers were content to be fined rather than implement the remedy and requested assurance about the escalation mechanism.
* AD confirmed that there is a robust escalation process in place which can involve data security officers, SROs employers and tPR, where necessary.
* NM enquired about metrics used to monitor timely and accurate information from employers. It was confirmed this formed part of OM12.

SA and JM agreed that this issue should be discussed further at both the MRIC and SDMOD subcommittee and requested a supporting paper be produced for the next round. .* SF suggested that the MRIC subcommittee could analyse the risk of payroll providers in terms of their service quality and the SDMOD subcommittee could examine the data quality issues arising.
* For the MRIC subcommittee SA requested a report highlighting the number and coverage of anonymised payroll providers with a red, amber and green (RAG) rating and corrective actions to mitigate the risks.
* AD replied that TP could look at a way of displaying the required information on payroll providers. PSp indicated that payroll provider data should be anonymised.
* NM requested JM to pass any other specific cases not related to Cintra to AD through the Secretariat.
* AL provided an update on the MCR pilot, which had been successful. A review was conducted to agree the way forward for MCR, taking into consideration the pilot's outcome, high suspense levels, anecdotal employer feedback, and transition. The Department will maintain two delivery channels (MCR and MDC) for the remainder of the contract. The details will be discussed in an upcoming workshop with TP.
* SF reflected that the success of a transition to MCR depends heavily on the readiness and capability of the payroll provider.
* AL requested that this information not be further disseminated as it had not yet been communicated to the sector.
 | AP11/181023AP12/181023 |
| Agenda item 10 | **Information to Members and Communications sub-committee update:****Changes to OM5 and OM6 – Paper 7*** HM stated the proposed changes had been tested with external focus groups and member forums to see whether they would generate the right level of feedback. Their responses had been positive and the questions are now being used as a feedback mechanism.
* HM confirmed there were no plans to change the questions in relation to employer feedback but that discussions were ongoing to ensure a broader spectrum of responses was received.

**Transitional Protection (TrP) communication and campaign*** HM noted the decision tree has gone live and TP were continuing to work on MPO and advising Members that are affected by TrP.
* A number of campaigns had focused on members without a MPO account, annual benefit statements, commercial communications to members, and bereavement rectification. Feedback from members and employers was positive. TP have also been working with the Local Government Pension Schemes (LGPS) regarding members with excess service to advise them of their options.

**Social Media Review*** HM reported the highlights from the 12 month social media review included the successful engagement of target audiences across multiple platforms, achieving challenging goals, challenges posed by the take-over of Twitter and ban on use of Tik Tok, competitor analysis, and the success of campaigns.

**Engagement -** HM also highlighted the importance of ongoing work to engage with employers who have been historically difficult to engage with. HM also stressed the importance of timely information sharing with members and employers. |  |
| Agenda item 11 | **TP Update:*** AD provided an update on the dashboard and reported an increase in volumes since last year which presents a risk to overall delivery. He also highlighted that the embargo had affected SLA results for transfer cases and there had been an increase in Annual Allowance activity.
* AD noted the team had done a good job in terms of stabilising the balance held in the suspense account and considered the MCR pilot to be a success. However, the Department had decided not to continue increasing levels of onboarding so the team will now support employers and payroll providers that are on either MDC or MCR. Forecasting was at an acceptable position.
* AD reported that OM3 had started to hit target in a more sustained manner than previously. He was not expecting to see significant changes in the trajectory of OM5 and OM6 unless there was a reduction in volumes or additional resources made available.
* NM thanked AD and highlighted the issue of increased volumes and case complexity which was compromising TP’s ability to meet KPIs.
* AL stated the contract mechanism allowed additional funding to be negotiated once membership levels increased by a certain amount. The amount to be provided is currently under consideration whilst the Department conducts due diligence on data received from TP. Affordability and value for money is being taken into consideration. Discussions about further resources that are not linked to the contract mechanism are also being discussed.
* AD recognised this was an ongoing process and recent additional resource that had been acquired by TP had allowed SLAs to remain on track.
* NM recognised that the Board did not have a role in commercial negotiations but queried whether the contractual mechanism being based on membership rather than casework volumes and complexity was appropriate.
* AL stated that the contractual trigger relates to membership numbers but the Department has been looking at all relevant factors.
* SA stated she was reassured by AL comments and reflected that an increase in membership numbers didn’t equate to a proportionate increase in contact given that members are more engaged and have more complex needs. She asked if the contractual mechanism should be reworded to offer more flexibility.
* AL explained that although the contractual trigger relates to membership, how any additional funding was calculated was not prescribed which allowed flexibility to consider all relevant aspect as part of negotiations.
* PSp added the board can be assured that the DfE look back at benefits realisation around funding issued to TP to ensure they are not only using a people based solution but are realising benefits from technological and other developments. That will continue to the end of the contract.
* PS asked what forward planning was happening to better understand membership demographics and age profile to predict future resource requirements.
* AD confirmed that TP are looking to forecast trends for the coming year and beyond in terms of transaction volumes but this was difficult due to there being no correlation between an increase in membership numbers and contact volumes. He suspects the change in member behaviour which has resulted in increased contact is due to the cost of living crisis, the aftermath of Covid and higher levels of financial awareness due to more accessible information about pensions in the media.
* PS agreed that demographic and age profiles will play a part.
* SA agreed that using people resource as a solution is the most expensive option and using technology and data to enable people to self-serve is helpful.
* NM indicated that the issue of demographic trends and their implications for service delivery should be discussed at future Board or sub-committee meetings.
* SF highlighted a positive update contained within the dashboard which was the improvement in the proportion of contributions allocated.
* NW thanked Board members, AD and AL for their input.
 | AP13/181023 |
| Agenda Item 12 | **Transition Update****The remainder of this section has been removed to ensure commercial sensitives are maintained. A full version of the minutes will be prepared and shared with Board members, and at the next TPSPB.** |  |
| Agenda Item 13 | **The remainder of this section has been removed to ensure commercial sensitives are maintained. A full version of the minutes will be prepared and shared with Board members, and at the next TPSPB.** |  |
| Agenda item 14 | **Any Other Business****The remainder of this section has been removed to ensure commercial sensitives are maintained. A full version of the minutes will be prepared and shared with Board members, and at the next TPSPB.** |  |



Minutes agreed: Date: 26/10/23

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| Minutes circulated to Board members for review 26 October 2023 . The following changes were made following Board member review. No amendments were requested/made. |
| Minutes ratified at subsequent TPSPB – 24 January 2024 |