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

 **24 January 2024 (By Teams)**

**MINUTES**

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| **Present: Board Members** |  | **Also Attending:** |  |
| Neville Mackay (Chair) | NM | Amy Gibbs (TP Head of Governance and Risk) | AG |
| Lisa Sproats (Employer Representative) | LS | Alyson Collingwood (TP Head of Operations) | AC |
| Susan Anyan (Independent Pension Specialist) | SA | Anna Leonard (DfE Head of Supplier Management) | AL |
| Maria Chondrogianni (Member representative | MC | John Brown (DfE Head of Supplier Management and Secretariat) | JB |
| Susan Fielden (Employer representative) | SF |  |  |
| John Pratten (Employer representative) | JP |  |  |
| Peter Strike (Member representative) | PS | **Secretariat** |  |
| John McGill (Member representative)  | JM | Helen Cowan (DfE Secretariat Team Leader) | HC |
| Yvonne Moult (Employer representative) | YM | Cindirella Panganayi (DfE Secretariat) | CP |
| Heather McKenzie (Member representative) | HM |  |  |
| Simon Lowe (Employer representative) | SL |  |  |
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| **Apologies:** |  |  |  |
| Peter Springhall (Deputy Director) | PSp |  |  |
| Alistair Dennis (Head of Teachers’ Pensions at Capita) | AD |   |  |
| Emir Feisal (ARC) | EF |  |  |
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|  | **Item**  | **Action** |
| Agenda item 1 | **Introduction, attendance, apologies:*** NM welcomed everyone to the meeting.
* Apologies were received from Peter Springhall and Alistair Dennis.

**Register of Interests:** NM noted there were four 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

18 October 2023.  |  |
| Agenda item 2 | **Actions update (Paper 3):**The following actions were discussed: -* ***AP1/181023 – re opt-outs from the scheme*** – AG referred to section 6 of the dashboard which provides a breakdown of opt-outs; advising that analysis was undertaken and while there are multiple recordings of instances where members may have opted in and opted out again, that these were not duplicates.
* Where a school joins a MAT, which would result in the member being re-enrolled into the TPS, and the member opts out again, TP would treat this example as two separate events.
* NM thanked AG for her update.

 * ***AP2/181023 - regarding opt-outs in comparison to other pension schemes compared to the teachers scheme*.** JB has checked with other pension providers, i.e. civil service and NHS and noted no particular change in opt-outs. NHS opt-outs have been steady and the civil service scheme have a seen a slight reduction to 0.7% compared to 1% for TPS. Opt-out levels have remained lower since the pandemic.
* PS referred to the possibility of Lifetime Allowance disappearing in April and that members may opt out of the scheme because of restrictions. JB agreed and advised that this would be reviewed at the Scheme Advisory Board (SAB).
* ***AP9/181023 – SD&MoD update on meeting with Health Management (HM) on 19/10/24.*** JB reported that the Department have signed a contract amendment with HM. A plan is in place to completely remove the backlog within 12 weeks and increase resources. This is based on the most up to date number of complex cases. JB hopes that the backlog will be completed by the next TPSPB in April.
* ***AP15/181023 – Portfolio Executive Summary – MCR and decision to cease onboarding employers***. JB reported that the decision was taken to protect employers over the transition period. The review shows there is a lot more work for employers to do and this required more support from Capita than originally thought. The speed at which employers were being brought on board was not going to delivery 100% on boarding by the end of the contract period and that the data to be transferred from Capita to TCS would need to be clean and complete.
* The decision was made to stop proactively onboarding employers, however, employers already in the process would continue to onboard with Capita’s support. Employers who have started onboarding but wish to discontinue, do not have to complete the MCR process.
* The Department have recommended a cut-off date of 31 March 2025, after which no employer will be permitted to onboard.

Board member discussion:-* NM asked if the Department are stopping onboarding at a particular point. If so, what will that mean for employers whose data is reconciled.
* JB indicated that there was never going to be 100% of employers on the MCR system and he was not expecting an issue with financial and audit trails.
* YM asked if communication to employers could be sent to reassure local authorities. JB agreed to take an action to speak to Capita regarding communications. This will also be referred to the Information to Members and Communications (IMC) sub-committee for their next meeting.
* AL stated that there are MDC and MCR workshops being held as part of the transition.
* SF asked if this change in process had resulted in large suspense i.e. was the Board confident that the right questions were being asked.
* JB agreed with SF that the MCR did create a level of suspense, however, by stopping the proactive part of MCR process allowed suspense levels to stabilise before the transition.
* NM asked for the secretariat to organise a one-page report, giving context and background of MCR to be discussed at sub-committees or Board meeting.
* SL asked if there had been push back from payroll providers. JB reiterated the intention was not to force employers. Both employers and payroll providers have made a financial commitment to MCR so the decision was made to onboard. JB is not aware of any issues being raised with the Department.
* NM requested that any concerns received from employers be fed into the one-page document.
* SA said MCR was a risk control with mitigations such as MDC, EOYC etc. and there should be no reason for bigger suspense. AL advised there are discovery analysis workshops being held to analyse this.
* AG reminded the Board that there is a need to make sure what the original objectives are – that employers have an obligation to provide accurate information.
* NM asked if JB can add this to his paper.
 | AP9/240124AP10/240124AP11/240124AP12/240124 |
| Agenda Item 3 | **Pension Specialist Update***Code of Practice** SA referred the Board to a list in her paper shows where The Pension Regulator (TPR) have substituted various codes with a new code. The question for the Board is how much is relevant to the TPS.
* JB advised that the secretariat would look at how this would affect the Board. There is reference to best practice and may be some advice that the Department can use. JB to update the Board at July’s meeting.
* NM drew the Board’s attention to TPR’s scrutiny of TPSPB’s governance arrangements through one of their regular review exercises which all large schemes are subject to (the last one had been completed in 2019). The results will be available later in the year and Richard Caines from TPR had been invited to a future Board meeting, the timing of which will be subject to discussion with the incoming TPSPB chair.

*Autumn Statement** SA stated that the requirement for the decumulation option applies to Defined Contribution and not Defined Benefit (DB) but may be relevant to the freestanding AVC arrangements with Prudential. JB agreed to mention this to the Management Advisory Board (MAG) to explore with Prudential at the next review.

 *Lifetime Allowance** SA asked the Board what their thoughts were relating to member communication, suggesting that Capita and the IMC sub-committee could be tasked to look at communications. AG advised there is a project internally to ensure Capita is prepared to have all the necessary changes in place. Agreed that this topic to be referred to IMC.

*Financial Conduct Authority** SA reported that she will wait to see what happens with the reform and what it means for the Board.
* NM asked if this could be discussed as part of the Mini Official Committee on Occupational Pensions (MOCOP).
* SA reported the article mentioned the market was evolving and how technology might support this. The Board needs to understand how this will affect members generally.
 | AP13/240124AP14/240124AP15/240124AP16/240124 |
| Agenda Item 4 | **Six Strategic Objectives (Paper 5)**AG updated the Board:-* *Objective 1 – active stakeholder engagement and management* which has changed from ‘red’ to ‘amber’ since the last update January 2023.
* TP are continuing to focus on complaints and what more can be done to reduce the volume.
* Delivery of service is the main reason for complaints. The Teacher’s Pension Governance Team at Capita has been tasked to check complaints against Capita’s standards. TP regularly analyse customer satisfaction feedback which helps Capita to respond quickly.
* Timeliness and responses are the general feedback received, driven by the increase in transactions across the scheme and pensions industry as a whole.
* In terms of performance this year Capita will look at how they can work differently to address those volume increases.
* The other objectives remain aligned with last year’s RAG rating.
* The only other measure that is not ‘green’ is *Objective 4, focussed innovation and robust change management* – currently rated as ‘amber’ and that is due to Transitional Protection and the MCR project.

Board member discussion:-* NM referred to an article in the Guardian where a member of TPS was declared dead as a result of a data matching exercise and then declared dead again the following year, resulting in a delay in their pension being paid.
* AG said that the death process is an important fraud prevention measure and works very well. There is a clear process which enables the member to respond and take action to prevent that person being suspended on the system. In this case the member had not wanted to follow the correct process to prevent their pension being suspended. TP are looking at how they can make communications clearer.
* MC queried if the member was wrongly matched to someone who had been deceased during the annual check.
* AG explained how the processed works, a partial match is a different process to a certain match and there are different levels. Hence, it is not unusual for a pension scheme to do existence checks on members. From a fraud prevention perspective, it is a common annual control. Because of the size of the scheme TP do get a lot of partial matches.
* SA said that one of the issues was the speed at which the pension was suspended, not giving the member time to verify their existence. The article read it was stopped within a month and if a member is on holiday or off ill it didn’t feel like it gave people very long.
* AG agreed to take the action to look at speed and understand the timeline.
 | AP170124 |
| Agenda Item 5 | **Policy Update*** JB mentioned that SAB had not met since November, however, they have been discussing ill health applications concentrating on long term conditions such as long Covid and if there was anything else that can be done to support members.
* On Transitional Protection, on 1 October the Department did issue the first RSS (Remedial Service Statement). Live cases are priority.
* The first of the rectification RSS (people who retired before April 2022) are given the option to take final salary as opposed to career average benefits. All member records have been rolled back, but the project is slightly behind due to delays in IT development and attrition in the team.
* The final group of people to receive RSS’ will be in March, therefore the overall project is ‘amber’ mainly because there may be some residual Transitional Protection work moved to new contract with TCS. There is a planning meeting next week to discuss the detail.
* Finally, the valuation has been completed, the legislation has gone out, consultations are completed. The new contribution rate for employers of 28.6% takes effect from 1 April. Member contribution rates have been delayed to April 2025. The Scheme Advisory Board (SAB) are dealing with that.
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| Agenda item 6  | **Service Delivery & Maintenance of Data sub-committee update:****Annual Allowance*** SL stated there was a significant increase in the activity of issuing the pensions saving statement to meet the deadline of 6 October.
* There had been a few outstanding returns/submissions missed and referred to TPR.
* The sub-committee were satisfied that any outstanding returns had been completed.

**Digital versus non-digital data*** The sub-committee had discussed what comprises digital and non-digital data and critical members is correct. He explained that the sub-committee was assured that the non-digital data is secure and dealt with the same level of integrity and detail as the digital data.
* Every opportunity is taken to digitalise the non-digital data and forms part of the Data Improvement Strategy which is proactively and regularly assessed.

**Summer Retirement Exercise (SRE)*** SL acknowledged the great work completed by Capita.

**Impact of Valuation on HE and Independent Schools*** The sub-committee discussed the impact of the valuation on HE and independent schools, considering what the impact of the 5% might be if HE establishments and independent schools were to leave the scheme.

**Ill Health** * SL reported the sub-committee discussed the contract; that payroll providers were focussing on occupational health, but that there was assurance that the relationships between the Department and HM is good; notwithstanding the amendment to the contract. The sub-committee will continue to monitor this from a service delivery perspective.
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| Agenda item 7 | **Managing Risk and Internal Controls sub-committee update:** * SA reported that the sub-committee focused on finance topics such as progress on EOYC, MCR and the ARA (Annual Report and Accounts) which were laid before Parliament on 18 September without qualification, which was a job well done.
* SA announced that the Office of Budget Responsibility (OBR) fiscal report had been published and are waiting commission for the winter exercise.
* The latest Group Internal Audit (GIA) report was reviewed, there was some medium findings, however the sub-committee was assured that these had been addressed.
* Transitional Protection is the next internal audit report. The Terms of Reference has been signed off and will receive the outcome at the next sub-committee meeting.
* Forward workplans for 2024 will concentrate on Transitional Protection and ill health backlog to seek assurance that it is back on track. Knowledge management will also be a forward workplan item.
* There are some risks being focussed upon, in the Quarterly Report it was noted that Cash Equivalent Transfer Values (CETV) were being subject to an embargo which resulted in a delay for certain members.
* The sub-committee was assured that these were making progress, recognising delays were beyond Capita’s control.
* On the risk registers data quality was focussed on due its importance for the transition and pension dashboard. There is an external auditor reviewing the data.
* The sub-committee noted an emerging case related to re-marriage which is being used by the Ombudsman as a test case. The outcome will be published in the public domain.
* Volume increases is still in the top risks across the sector generally. More members asking more questions with more complicated responses required. This is a red risk.
* The sub-committee reflected on opt-outs with two potential impacts - individuals opting out and educational establishments opting out. Financial stability of the scheme is a matter for SAB but is a ‘red’ risk and will be monitored.
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| Agenda item 8 | **Information to Members and Communications sub-committee update:****Annual Review and Plan*** HM highlighted employer training on MPO and benefits. Targets were met and exceeded for NQT’s with 5,000 hits. 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 said the sub-committee emphasised the responsibility on employers to inform members.
* 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.

**Training Plan*** HM noted the decision tree had gone live and TP were continuing to work on MPO and advising members affected by Transitional Protection.
* 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.

**Activity on Social Media*** HM expressed that there is a concern about access and transparency of Board members on social media. It was agreed to show the differences between the Board and SAB.
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| Agenda item 9 | **TP Update:*** AG stated that much of her report had been discussed already and that she was happy to take any questions from the Board.
* NM highlighted that resourcing had been an issue at the last Board and concerns regarding increase in TP’s ability to meet increased caseload and increasing complexity of cases and a dialogue was ongoing between TP and the Department to address the resourcing issue and some KPIs/SLA were not being met.
* AG agreed that there is a contractual mechanism between TP and the Department i.e. when the scheme sees an increase in membership a change control can be triggered.
* Commercial agreements were signed in December which does increase the base fee. Capita proactively added additional resources to mitigate the volume increase, however, there is not a direct correlation between membership increase and transactions. There is more work to do, and TP and the Department are still in dialogue.
* JB advised the Department has supplied additional funding for more people in relation to the increase in membership. They are looking at what is causing the transaction increase.
* The contractual trigger does not restrict increasing fees or commercial agreements if they can agree a commercial solution.
* NM asked if progress can be reported back to the next Board meeting. NM raised the question - is it appropriate to roll over to the new supplier given the emerging issues.
* NM thanked AG and JB for their updates and asked for a further update at a forthcoming Board meeting. AG said she would provide context around volumes.
 | AP18/240124 |
| Agenda Item 10 | **The remainder of this section has been removed to ensure commercial sensitivities are maintained.  A full version of the minutes will be prepared and shared with Board members, and at the next TPSPB meeting.** |  |
| Agenda Item 11 | **The remainder of this section has been removed to ensure commercial sensitivities are maintained.  A full version of the minutes will be prepared and shared with Board members, and at the next TPSPB meeting.** |  |
|  | Neville concluded by thanking everyone for their attendance and contributions to a very productive meeting.The next meeting will take place on 24 April, 2024 in London. |  |



Minutes agreed: Date: 5 February 2024

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| Minutes circulated to Board members for review 8 February 2024. The following changes were made following Board member review. No amendments were requested/made. |
| Minutes ratified at subsequent TPSPB – 24 April 2024  |