

Teachers' Pension Scheme Pension Board (TPSPB)
SEVENTEENTH BOARD MEETING: 10 JULY 2019
MINUTES

Present:		Also Attending:	
Neville Mackay (Chair)	NM	Sue Crane (DfE Senior Contract Manager) from 1415	NC
Susan Anyan (Independent Pension Specialist)	SA	Richard Lees (DfE Contract Finance Manager)	RL
Stephen Baker (DfE representative)	SB	Peter Springhall (DfE Commercial Project Mgr) to 1430	PS
David Butcher (employer representative)	DB		
Jerry Glazier (member representative)	JG	Secretariat (DfE):	
Julie Huckstep (member representative)	JH	Karen Cammack	KC
Chris Jones (member representative)	CJ	Helen Dady	
Iain King (DfE representative)	IK	Helen Fisher	
Simon Lowe (employer representative)			
Ian Payne (employer representative)	IP	Guest:	
Lee Probert (employer representative) to 1545	LP	Andrew Smith (Prudential)	AS
David Trace (member representative)	DT		
Dave Wilkinson (member representative)	DW		
Jackie Wood (employer representative)	JW		
Apologies:			
Jeff Rogerson (DfE Head of Pensions)	JR		
Neil Crombie (Deputy Client Director, Teachers' Pensions)	NC		

	Item	Action
Agenda item 1	<p>Introduction, attendance, apologies:</p> <ul style="list-style-type: none"> • NM extended a warm welcome to Simon Lowe, the new employer representative and invited attendees to introduce themselves. • Apologies were accepted from Jeff Rogerson and Neil Crombie both unable to attend due to rail problems. • NM introduced Andrew Smith from Prudential, attending as a guest for agenda item 3. <p>Minutes of the previous meeting:</p> <ul style="list-style-type: none"> • JG referred to agenda item 4 of the minutes (re independent schools that are intending to withdraw from the scheme), and noted that he was aware that numbers had increased to 51; he asked whether there was an update on the phased withdrawal suggestion. SB advised that a draft proposal for the Independent Schools Council is due to be discussed at SAB on 17 July. • CJ advised that increasing numbers of post-92 universities were also considering withdrawing from the scheme, and noted that this will be an on-going issue. • The minutes from the 10 April 2019 meeting were agreed as a fair and true record. <p>Register of Interests:</p> <ul style="list-style-type: none"> • NM confirmed he was content that none of the declared potential conflicts precluded anyone from discussion of today's agenda items. 	

<p>Agenda item 2</p>	<p>Update on ongoing action points:</p> <ul style="list-style-type: none"> • AP11/230119 - DB noted that whilst this AP had been closed it ought to remain open until a decision had been reached at the sub-committee chairs meeting on 17July. He felt that the Board's main concern had been missed in that the loss of experience with four long-serving members leaving at the same time was key. NM noted that a paper is being prepared for consideration at the sub-committee chairs meeting, and that a full discussion will take place. The Action Point to remain open. • AP5/100419 - Similarly it was felt that this AP should remain open. The consensus was that the Board felt strongly that Welsh Government officials should be encouraged to attend and observe the TPSPB. NM confirmed that JR had extended an invitation, which Welsh officials are considering. CJ advised that he has also written to Welsh officials and noted that with pay (and benefits) now being devolved it was appropriate and timely for representatives to attend. The Action Point to remain open. 	
<p>Agenda item 3</p>	<p>Prudential TAVC update:</p> <p>NM reminded the Board that they do not have legal responsibility for the TAVC. However, a pragmatic approach to update the Board periodically had been developed to recognise that scheme members often do not make this distinction.</p> <ul style="list-style-type: none"> • AS talked the Board through a series of slides to provide an overview of what Prudential offer, recent changes to fund options and new initiatives and technology being used. • He explained that the relationship with DfE and TPS members is via the Management Advisory Group (MAG) and an underpinning supporting governance structure. The TAVC is a very mature scheme, in operation since 1989; it is a sizeable contract and of strategic importance to Prudential. Whilst Prudential look after over 4500 schemes, they only act as an authorised practitioner for the TAVC. • In response to challenge from the MAG, Prudential has recently introduced a refreshed range of fund options to better meet the demands of members and reflect the change in member behaviour the TAVC scheme has experienced following pension reforms in 2015. The introduction of new dynamic growth funds and an ethical fund will ensure the range of options remains suitable and relevant for teachers. • AS explained that Prudential had recently linked with a new service provider (TATA Diligentia) which would bring further improvements for members, in particular a more digital focus and more streamlined processes. • JG observed that around 4000 members are crystallising benefits each year, whilst there are only around 1000 new members and asked how Prudential plan to deal with this. AS confirmed that Prudential are hopeful that the improvements to the range of funds and the better digital experience will attract more new members, and that Prudential and their new service partner are actively working towards this. 	

	<ul style="list-style-type: none"> • JG also asked whether further ethical options were planned; AS confirmed that MAG had felt that one ethical option was appropriate for now, but options may be included in the future if there is clear demand. • In response to CJ's query, AS confirmed that there is still a tax advantage in relation to TAVC and also that, unlike PPI, mis-selling was not an issue. • NM asked whether the SLA arrangements were comparable between Capita, Prudential and the Department; RL confirmed that there is consistency between the two. • In response to SA's question regarding how Prudential deal with late payments, problems reconciling data and contributions from the increasing number of employers, AS confirmed that as well as the underpinning infrastructure which has established processes to liaise with and hasten employers, there is also the option to report employers to the Regulator for further action/progression. He noted that the new service providers may also develop improved (e.g. digital) solutions. • NM thanked AS for a comprehensive and interesting presentation. 	
<p>Agenda item 4</p>	<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), signed by the chair and agreed by the sub-committee at its subsequent meeting, is held by TPSPB secretariat team within DfE and will be shared with Board members.</p>	
<p>Agenda item 5</p>	<p>Independent Pension Specialist Update (Paper 5):</p> <p>SA highlighted key issues from paper 5, which summarised current issues in the pensions arena most relevant to the TPS:</p> <ul style="list-style-type: none"> • <u>Incorrect State Pension Forecasts:</u> SA flagged the issue of significant problems with incorrect state pension forecast that have so far affected over 12 million individuals. JR had confirmed, during a pre-meeting conversation with SA, that DWP has not been in touch to provide any TPS-related information. • <u>Extension of Civil Partnerships:</u> SA noted that this extension is likely to have implications for the TPS regarding benefit calculation and entitlements going forward. SB agreed that there were policy implications to be considered. • <u>Procedural failures:</u> SA highlighted that the Pension Ombudsman is now routinely awarding increased compensation to recognise distress and inconvenience. • <u>TPR Priorities:</u> SA noted that TPR have published its corporate plan for the next three years, setting out its priorities and its regulatory focus. This will see a focus on administration standards and an increase in the one-to-one targeted supervision of schemes, in which TP is currently participating. 	

	<ul style="list-style-type: none"> • NM confirmed that the update report from the TPR, promised at the last TPSPB meeting, has been drafted and will be circulated to Board members once issued (and may be included on a future TPSPB agenda for discussion). The report is generally positive although notes one small issue regarding missing data. SB clarified that this relates to occasions where members were raising issues with their employers (i.e. there was no suggestion that TP are not dealing appropriately with issues of missing service data). • <u>Longevity issues</u>: NM drew attention to the item on longevity and commented that the trends will affect public sector schemes generally, and in particular may impact future valuations. DW observed this could lead to increased member related costs. 	AP2/100719
Agenda item 6	<p>Update from Scheme Advisory Board (SAB):</p> <p>The TPSAB met on 20 March; the four key topics covered were:</p> <p><u>Valuation</u></p> <p>Since JR was not able to get to the meeting, the Board have requested that he send round a short email setting out the update he would have covered at the meeting (and also including any other items he was planning to highlight).</p> <p><u>McCloud/Sargent case:</u></p> <ul style="list-style-type: none"> • SB advised Board members, that the Supreme Court had formally refused the Government permission to appeal the Court of Appeal's December 2018 judgment in the McCloud and Sargeant cases. Legal advice provided to the government confirms that the Court of Appeal decision reads across to all public sector schemes and therefore will include the Teachers' Pension Scheme. The government will now be required to introduce a remedy to compensate individuals for the difference in treatment since 2015 in the judges' and firefighters' schemes. Such a remedy will need to a) compensate members for previous discrimination, and b) remove discrimination in the future. The Department will continue to work closely with HM Treasury, The Scheme Advisory Board (SAB) and other relevant government departments in the development of a remedy proposal for the Employment Tribunal to consider. The agenda for the SAB meeting next week includes a discussion item. • JG queried potential timescales for the remedy. SB explained that now the Supreme Court have formally refused the government permission to appeal, the department can actively start considering options, but the scope and nature of the remedy are yet to be agreed. • AP2/100419 - SB confirmed that an update to SAB from TPSPB is now a standing agenda item for the SAB meetings, and this will be delivered by either himself or JR. 	AP3/100719

<p>Agenda item 7</p>	<p>Cross-cutting issue (TP’s Six Strategic Objectives, Paper 6):</p> <p>As NC had been unable to get to the meeting, the Board had a general discussion around Paper 6.</p> <ul style="list-style-type: none"> • NM felt that whilst TP clearly capture their strategic objectives they struggle to demonstrate how these are being met as they use operational KPI’s instead of having separate strategic measures. • SC noted that some discussion had already taken place, in light of the discussion on Data Strategy at the last Board, and one proposal was to introduce a “traffic light system” for each objective. The general feeling was this was a useful but too basic a measure because strategic objectives draw on a range of information and this solution may miss the nuances. Another suggestion was the use of a 1-10 scorecard to review the composite performance. • SA advised that she had seen a “heatmap” approach successfully used, based on a R/A/G system but plotting on a range of colours in between. Particularly useful is an indicator of direction of travel. • CJ focussed on opt-outs, questioning whether scheme benefits were adequately published and the possibility of introducing a “half-membership” option. Although not directly related to the six strategic issues under consideration, members of the IM&C sub-committee highlighted the range of activities that TP have put in place to increase engagement and the supporting communications developed to provide a range of information about the scheme. JG commented that these activities could be translated into a measure e.g. around maximising engagement and promoting the scheme and its benefits in an agile and innovative way, responding to the changing needs of members. All acknowledged the on-going challenge to maintain engagement and agreed that the half-membership option is for SAB for consider. • Regarding the six strategic objectives, SB observed that under each main heading are 3 or 4 key phrases that describe what TP do and lend themselves to being re-cast as evidence indicators. • NM summarised by acknowledging that the development of appropriate measures was a challenge which may not be able to be fully resolved. He asked that the department and TP consider further and feedback, in due course, to the TPSPB as to whether they can devise a scoring ‘system’ which more effectively measures and demonstrates how TP have performed against each of the six strategic objectives, perhaps using SB’s suggestion to distil down to two or three key indicators. • The Board confirmed that it wishes to retain an annual review of the Six Strategic Objectives, and any supporting measures developed. • LP noted it might be opportune to align the range of documents prepared e.g. SOSR from the commercial project. NM and JR will discuss this, ahead of the department and TP starting to work on AP4/100719 above, to ensure a clear understanding of what the Pension Board sees as key, is captured. 	<p>AP4/100719</p> <p>AP5/100719</p> <p>AP6/100719</p>
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<p>Agenda item 8</p>	<p>Data Improvement Strategy update (Paper 7):</p> <p>At the last TPSPB it had been agreed to refer the issue and subsequent paper to the Service Delivery sub-committee for further discussion. As NC had been unable to get to the meeting today, DW provided feedback from the June Service Delivery sub-committee meeting, and the Board discussed Paper 7.</p> <ul style="list-style-type: none"> • DW advised that a lengthy discussion on data had taken place, and that TPARG had also raised concerns around potential gaps in data to the sub-committee. There was enthusiastic support for both MDC and MCR but the monthly requirement to provide data had thrown up a number of data related issues. The sub-committee had noted that individual scheme member rectification is a possible outcome as a remedy for McCloud, but recognised that this would present a huge task to complete. They had suggested that an additional data sub-committee might support the Board in receiving assurance that data is being managed effectively and receives the consideration needed; this is an agenda item for discussion at the sub-committee chairs meeting on 17 July. • The sub-committee recognised how difficult it is to narrow down and to identify key measures and concluded that future sub-committee meetings would look at the components of the strategy, and the strategy itself, in more detail as part of its forward work plan. • SC highlighted the two over-riding outcome measures (OM 12 and 14), advising that these are monitored closely. • NM noted that Paper 7 helped to improve the Board's understanding, noting that the paper sets out the context of the Data Strategy and the steps TP are taking to improve data, including the move the MDC/MCR and data-cleanse operations. However, he felt there were similar issues to Paper 6 in that there is insufficient detail of measures to capture how successfully TP are achieving those objectives. For example, since there are four data objectives, it would make sense to have four supporting performance measures. The Board should then have sight of how TP are performing against these measures, to allow it to take assurance. • Both IK and LP observed that the TPSPB itself needs to be clear on what it needs to see to be assured that strategic objectives are being met. The Board often identifies an issue, asks for TP and/or the department to provide detail which then leads to the Board losing sight of what they actually need to see in order to be assured. LP and JW noted that the Dashboard provides key detail, and queried whether this could perhaps be refreshed to bring out strategic elements. JG agreed that often the Board requires too much detail and needs to trust TP and the department and have confidence in the data provided in the quarterly report. • NM concluded by reiterating that the TPSPB focus is at strategic level and it needs to satisfy itself that that there is an accurate means of reporting; he felt that while most of the "jigsaw pieces" are present the Board is still missing one that reassures on the strategic objectives. He proposed a similar approach to that 	<p>AP7/100719</p>
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	<p>suggested for agenda item 7 whereby TP and the department work together to develop appropriate measures (whether by R/A/G, heatmap, dashboard improvement or other options), and report back to the Board.</p>	<p>AP8/100719</p>
<p>Agenda item 9</p>	<p>Service Delivery & Maintenance of Data sub-cttee (Paper 10) :</p> <ul style="list-style-type: none"> • DW drew the Board’s attention to agenda item 5 of the minutes, noting the discussion that had taken place around missing service history - for example when an academy joins a Multi Academy Trust, which can lead to gaps in service. • DW advised Board members that the Service Delivery sub-committee was pleased with the Money and Pension Service (MAPS) Report; it gave sub-committee members an insight into the type of questions received from TPS members, and it was reassuring to see that the type of question MAPS were getting were mainly “the right ones”. SA noted that it was reassuring to see the low volume of questions in comparison to member volumes. • It was agreed that the report should be considered by the sub-committee annually and NM requested the department circulate the MAPS report to the whole Board. 	<p>AP9/100719 AP10/100719</p>
<p>Agenda item 10</p>	<p>Information to Members & Communications sub-ctte (Paper 11):</p> <p>DT confirmed that the three issues the sub-committee had agreed to highlight to the Board were as follows:- <u>Academy Engagement:</u></p> <ul style="list-style-type: none"> • DT advised that TP had delivered an informative presentation on academy engagement. One of the key points of interest was that TP had explained that around 41% of emails to academies are not received as their generic style (e.g. @admin) does not meet GDPR email standards, as there is no assigned contact name. This means that many campaign and general interest emails are not being seen. TP set out a range of options and ideas that they are working on to increase communication and engagement in the academy sector. Amongst these is the development of a portal to prompt employers to provide data and the introduction of a web-form that will automatically open when data is missing. The sub-committee will keep the issue on the agenda so that progress can be monitored. • A further concern surfaced was the lack of specialist pensions knowledge in many single academy settings, where they do not have the backup of, for example, LA knowledge and how this might be tackled. <p><u>ESFA:</u></p> <ul style="list-style-type: none"> • The sub-committee felt there would be merit in inviting a representative from ESFA to attend a future Board meeting to hear the concerns raised by Board members regarding academy engagement. KC confirmed work is underway in the department to identify the appropriate contact. 	<p>s/c action</p> <p>s/c action</p>

	<p><u>Valuation Communications:</u></p> <ul style="list-style-type: none"> DT highlighted the anecdotal evidence discussed regarding the misunderstanding/misinformation of the valuation process, particularly in independent schools and the issues around how TP can communicate with members on valuation. There was some concern that the confusion and uncertainty, which would be exacerbated by McCloud, needs to be addressed by clear, simple communications. 	
Agenda item 11	<p>Managing Risk and Internal Controls Sub-committee (Paper 12): JG brought to the attention of the Board the three issues that the sub-committee agreed to highlight:-</p> <p><u>Scheme Audit & Accounts update:</u> JG advised that the accounts had been laid with no significant issues. The Management Letter will be considered at the September sub-committee meeting to ensure that activity is in train to address the minor findings and recommendations.</p> <p><u>MCR Project progress:</u></p> <ul style="list-style-type: none"> The project is progressing well, although it was noted it was a long project with a completion date of September 2021. Positive feedback had been received from stakeholders on the draft user guidance and the next phase of the project will be to undertake live system testing with a small cohort of employers. <p><u>Backlog update:</u></p> <ul style="list-style-type: none"> JG reported that assurances had been received regarding timely completion of the backlog of casework. SC advised that there had been a delay in recruiting temporary staff; but this was not a substantial issue and would not impact the overall plan. NM raised a drafting issue regarding the minutes and asked that future minutes reflect positively when there have been no substantive changes, arising from discussion of the strategic and operational risk registers, to the data presented to the sub-committee. 	s/c action
Agenda item 12	<p>TP Update:</p> <ul style="list-style-type: none"> SC highlighted that the summer retirements exercise is on track. She confirmed that of the 51 independent schools indicating their intention to leave the scheme, 47 plan to do so at the end of August with the remainder between then and August 2020. In response to DW's query regarding numbers of teachers that may be affected, she confirmed that TP have data on this and agreed to circulate the information. The Board also felt it would be useful to have sight of the checklist TP has prepared for any employers considering leaving the scheme - secretariat to circulate. SL queried the information that has been circulated by the alternative providers; NM asked that JR prepared a summary (e.g. TPT and Aviva) for SL and that the information on TPT be (re)circulated to all Board members. NM noted that if the trend accelerates it might merit a more 	<p>AP11/100719</p> <p>AP12/100719</p> <p>AP13/100719 AP14/100719</p>

	substantial discussion.	
Agenda item 13	AOB: • NM noted that the sub-committee chairs would have their annual meeting next week, and would report back to the TPSPB in October.	AP15/100719
	The next meeting will take place on 23 October 2019, in Sanctuary Buildings, London.	

Minutes agreed : *Neville Pacey*

Date: 19 July 2019

Minutes circulated to Board members for review on 23 July 2019. As a result the following change was made : • None
Minutes agreed by TPSPB at 23 October 2019 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: 23 October 2019