

Teachers' Pension Scheme Pension Board
Executive Review of TPSPB Activity - 1 April 2023 – 31 March 2024

1. In 2015, the Teachers' Pension Scheme Pension Board (the Board) was set up to provide additional assurance to the Secretary of State for Education, members, employers, and taxpayers on the effectiveness of the arrangements for managing the scheme, ensure that it remains at the forefront of public service pension scheme administration and meets the changing needs of members and employers. The Board effectively challenges and supports the scheme administrator, Teachers' Pensions (TP) and the Department for Education (the Department) to achieve this.

2. The TPS is the second largest defined benefit public service pension scheme in the country - with over two million members (approximately 713,000 active, 707,000 deferred and 756,500 pensioner members) and 12,357 employers covering England and Wales (as determined in the TPS Accounts for the period 1 April 2022 to 31 March 2023). The Board's oversight, challenge and support of the work of TP and the Department is therefore very important.

3. The Board meets quarterly and has twelve members comprising an independent Chair, an Independent Pension Specialist (IPS), and an equal number of member and employer representatives (five of each). There is also one official from the Department who attends the TPSPB in a non-voting participatory role. During 2023 the Commercial sub-committee stood down when the procurement outcome was announced, and a new Transition sub-committee was formed to concentrate on transitioning the TPS from Capita to Tata Consulting Services (TCS) from 1 October 2025. Through its four sub-committees, the Board can focus on key issues and scrutinise performance in specific areas. The four sub-committees, which also meet quarterly, are as follows:

- **Service Delivery and Maintenance of Data (SDMoD)** – scrutinising the arrangements for managing scheme administration, monitoring performance and ensuring data integrity.
- **Information to Members and Communications (IMC)** – scrutinising the ways in which communications with members and employers are developed and maintained.
- **Managing Risk and Internal Controls (MRIC)** – focusing on the framework for control and accountability, scheme financial administration, and ensuring that significant risks are identified and mitigated.
- **Transition** – the sub-committee focuses on assuring themselves that arrangements for delivering scheme transition are appropriate, effective, offer value for money, and deliver continuous improvement.

4. The Board and sub-committee meetings were well-attended during the year, with active and well-informed input and challenge from all Board members based on papers, presentations and data provided by the Department, TP, and external stakeholders.

5. The Board has continued to operate successfully through remote meetings, held via TEAMS. However, following further pandemic advice and protocols, where a return to office-based working was encouraged, the TPSPB met face to face in London in July 2023 and the June 2023 sub-committee meetings were held face to face in Darlington. For the upcoming year, the Board has agreed to adopt a hybrid model combining two physical and two virtual meetings. TP service to members and employers has continued to be mostly delivered via hybrid working.

The Board's Terms of Reference (ToR) was last reviewed and updated in July 2020, therefore, the department completed a review of the ToR in 2023. The review included seeking views from Board members and resulted in some changes being made to clarify and strengthen the ToR.

The ToR now includes the statutory requirements of Regulation 8 of the Teachers' Pension Scheme Regulations 2014 which sets out that the scope for the Board is to assist the scheme manager in relation to securing compliance with:

- The Teachers' Pension Scheme Regulations 2014;
- other regulations that apply to the governance or the administration of the Teachers' Pension Scheme or any connected scheme; and
- any requirements imposed by the Pensions Regulator in relation to the Teachers' Pension Scheme or any connected scheme.

The Board also requested to include their assurance on the effectiveness of the TPS administration.

- The DfE role was amended to reflect that this should be held by someone within the contract management team that the DfE representative should sit in a participatory non-voting capacity to retain the Board's independence. A review of the Independent Pension Specialist role will be conducted at the end of the current tenure however, there were no current changes to that role.

The ToR was approved by the Minister and is now in operation.

6. The Board, through a process of constructive challenge, considered several aspects of the TPS by carrying out deep dives into several topics, including:

- **Procurement Outcome – Transition** – Once the procurement outcome was known an extraordinary meeting was held with the Department's Transition Team who delivered an update on the decision to move to TCS, transition arrangements, future governance arrangement for sub-committees and submission to Ministers of the suggested amendments to the Board's ToR. In January 2024 TCS were invited to share their vision for future TPS delivery with the Board.
- **Capita Cyber Incident** - The Board was informed that, in March 2023, Capita was the subject of a cyber-attack. The attack was Capita-wide with 0.01% of its servers being impacted. Control design had stood up well and only one TPS member was reported to be affected at the time of the incident. The Board remains vigilant and continues to review the impact of this attack and Capita's response.
- **Incident Reporting Protocol** – The Department's protocol was reviewed after the Capita cyber-incident to ensure that there would be greater clarity around processes and responsibilities in the event of any future incidents. The MRIC sub-committee and the Board provided input to the final document, which then became a reference point at the time it was discovered that further TPS members had been affected by the 2023 incident.

Key Areas of Activity and Challenge:

7. The Board, through constructive challenge and support, monitored several aspects of the TPS:

- **Transitional Protection (TrP)** – The IMC sub-committee heard that the decision tree had gone live and TP are working on a My Pension Online banner that would advise members whether or not they were affected by TrP. The annual benefit scheme (ABS) campaign also provided additional opportunity to advise members whether they were affected by TrP, with 20 bespoke versions of the statement being issued.
- **Data Improvement Strategy** – Through the SDMoD sub-committee the Board challenged Capita on their updated strategy which now included initiatives such as a drive for MPO, had a significant data cleanse exercise to identify gaps in service and included development of the Hartlink administration platform to identify errors. More recently the sub-committee has explored differences in digital versus non-digital data.
- **Monthly Contributions Reconciliation (MCR)** – The MRIC sub-committee heard that a pilot exercise had commenced, and was successful, resulting in there being a nil balance in the suspense account from employers that have onboarded as part of the exercise. Employer Relationship Managers targeted employers with the highest number of unallocated contributions in the suspense account and have continued to successfully clear outstanding unallocated contributions in this account. The sub-committee have requested assurance over how the risk of the MCR process changing following a move to a new supplier would be managed given the impact on employers and payroll providers.
- **Customer Contact – Satisfaction Results** – The SDMoD sub-committee received a presentation on the services provided from the view of the members and employers, looking at outcome measure performance, verbatim feedback and complaints over the last 12 months. Those employers who were engaging with MCR had given very good feedback, with other employers not reaching out for support. TP had created a system for employers to enable to book online training at their convenience.
- **Office for Budgetary Responsibility (OBR)** – Through the MRIC sub-committee the Board learned that the OBR exercise was twice yearly and noted that there is a programme of work taking place around lessons learnt and driving improvement to the forecasting process. This forecast underpins the fiscal statements that are delivered as part of the Spring and Autumn Statements delivered by the Chancellor of the Exchequer.
- **III Health Contract** – Through the SDMoD sub-committee, the Board challenged the department on the provision of the new Medical Services contract, which had seen a backlog of cases created as a result of difficulties experienced with using TP's Hartlink system. The sub-committee welcomed the activities put into place to address the backlog and ongoing delivery.
- **Procurement and Transition Planning** - Through the Transition sub-committee, the Board has provided challenge on both the procurement of the contract and the transition arrangements.

- **Engagement and Social Media** - Through the IMC sub-committee, TP's engagement team showcased their high level of expertise by delivering presentations to the Board, demonstrating their success in increasing followers on social media and maintaining strong engagement with members and employers through 2023/24. Social media continues to be used for campaigns such as benefit statement and P60 as well as for members approaching retirement (including transitional protection), using highlights and data on Facebook and on 'X'. A pilot of a social media advocate marketing campaign happened in December to promote the scheme to the newly qualified Teacher audience. Feedback is currently being considered.
- **Six Strategic Objectives:** The Board receives an update on the progress made by TP against their six strategic objectives every six months – with a particular focus on those rated 'amber or red'. The Board provided challenge in respect of progress against two objectives. The first regarding active stakeholder engagement and management which had seen a decrease in member satisfaction and increasing volumes of member complaints. The Board recognised TP were taking all appropriate steps to remedy the issue. The second concerned innovation and change management, which was likely impacted by the two replans on Transitional Protection and MCR. These will continue to be monitored by the Board in July 2024.
- Following two successful terms, Neville Mackay stood down as Chair of the TPSPB in March 2024. The Department and the Board are very grateful for Neville's valuable contributions and excellent chairmanship, which has placed the Board in a strong position.
- The Board welcomed Alan Taylor as the new chair. Alan has a strong corporate background and significant experience of Board leadership. His skills, experience and knowledge will stand him, the Board and the Department in good stead for future challenges as the scheme transitions to a new supplier.

Summary:

8. The Board has effectively challenged and pressed TP and the Department on matters where it considers improvement should be made – for example the Medical Services contract and Transitional Protection. The Board will continue to work to ensure that members' and employers' needs, and expectations are