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

**Managing Risk & Internal Controls Sub-Committee**

**19th March 2025 – In Person at Darlington Bishopsgate**

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| **Present:** |  |
| Jo Maguire | Independent Pension Specialist - Chair |
| Susan Fielden | Employer Representative |
| Maria Chondrogianni | Member Representative  |
| Lisa Sproats | Employer Representative |
| John McGill | Member Representative |
| Michael Collier  | Member Representative |
| Andrew Carter  | TP Governance Manager |
| Anna-Marie Alderson | DfE TPS Senior Contract Manager |
| Richard Lees | DfE TPS Senior Contract Manager |
| Matthew McNaughton | DfE Head of Programme Management |
| Charlotte Wilson | DfE Secretariat Team Leader |
| Abbie Myles  | DfE Secretariat |
| Loraine Dodds | DfE Secretariat  |
| **Observers:** |  |
| Alan Taylor | TPSPB Chair |
| Heather McKenzie | IMC Chair and Member Representative  |
| Peter Bryan | New Employer Representative |
| Zaheer Patel | DfE Contract Management Team |
| Jackie Garside | DfE Senior Finance Manager |
| Frances McCarthy | DfE Finance Manager |
| Mark Dutson | DfE PMO Manager |

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|  | **Item** | **Action** |
| Agenda Item 1 | **Welcome and apologies:*** The Chair opened the meeting, welcoming all attendees, including several observers.
* The minutes from the December meeting were reviewed and approved with no objections.
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| Agenda Item 2 | **Actions from the previous meeting:** * DfE confirmed the action (MR2/180924) to provide a detailed update on the 2023-24 financial position has been partially addressed in the current reporting. However, a more substantial update will be delivered at the next meeting, incorporating further analysis.
* It was noted that while some data had been gathered, the required level of detailed analysis and assurance was still in progress at the time of reporting.
* A specific historical financial review exercise is also being conducted, examining past years’ data. The findings from this exercise will be presented at the next meeting
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| Agenda Item 3 | **Finance Update:****Audit Process Update*** DfE provided a detailed update on the ongoing audit process, outlining its three key phases:
* **Planning Phase:** This phase focuses on setting the requirements for the main scheme audit for the following financial year and had been completed on schedule.
* **Interim Audit:**
* Conducted from late February to early March over a three-week period.
* Includes sample testing with employers and reconciliation work on contributions.
* Although completed outside of the reporting period it was confirmed that this work had been completed as scheduled and no emerging issues were identified. Initial engagement with employers in preparation for contribution testing at Final had been productive, putting the plan for Final on a positive footing.
* **Final Audit** (Scheduled for late April - June 2025): The final audit will commence in late April, with the goal of finalising accounts by late June and subsequently laying the Annual Report and Accounts in Parliament prior to summer recess.
* A structured governance process is in place to provide assurance to the SRO and to monitor and address any findings from the audit.

 **Office for Budget Responsibility (OBR)*** The OBR forecasting exercise, which has historically been conducted twice a year, informs the Government's fiscal planning and expenditure forecasts.
* The usual timeline for the autumn exercise is June–September, but OBR has moved the schedule to April–July, creating two key risks:
1. Resource pressure – The revised timeline overlaps with the final audit, requiring the same staff to manage both processes simultaneously.
2. Impact on forecast accuracy – The forecasting exercise typically relies on September retirements data – which constitute circa 27% of all TPS annual retirements - which will not be available under the new timeline. This could lead to less accurate projections, impacting pension funding forecasts.
* DfE noted that Treasury has recognised the challenges and risks posed by the schedule change.
* Discussions are ongoing with OBR to consider deferring certain elements of the exercise until September to allow for more accurate retirement data to be included.
* The sub-committee was informed that an update on the resolution of this issue will be provided at the next meeting.
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| Agenda Item 4 | **Group Internal Audit (GIA)** – * The Data Security audit has been conducted within the reporting period however, the final report was not available in time for circulation in advance of the meeting.
* Responses to the audit findings are being implemented and the final report will be shared with Board members via correspondence as soon as it is available.
* If necessary, further discussions will take place at the June meeting.

Audit Plan for 2025 Update* A copy of the 2025 audit plan was shared with Board members at the December meeting.
* This plan was based on the planned transition to the new TPS administrator in October 2025; however, this has now been deferred.
* This deferral has created opportunities to adjust the audit schedule, allowing flexibility for additional audit work.
* For example: the contract transition audit, initially scheduled for 2025, has been deferred to 2026 to align with the revised timeline.
* The revised audit plan will be presented at an upcoming meeting.
 | MR1/190325MR2/190325 |
| Agenda Item 5 | **Transitional Protection*** The sub-committee acknowledged the significant workload associated with transitional protection, particularly in terms of capacity management.
* It was noted that residual work related to transitional protection will need to be completed under new contractual arrangements with the incoming supplier.
* The team continues to manage risks associated with this transition, ensuring smooth processing and minimal disruption to members.
* At present, there are no further updates beyond what is included in the report. The topic will be revisited in the portfolio update.
* Member Decisions: Members receiving their RSS calculations are provided with both final salary and career average pension figures.
* Supporting documentation guides members on their choices, including the option to seek independent financial advice.
* Many members have chosen to remain in their existing final salary benefits, with no financial impact.
* For members opting into the career average scheme, necessary recalculations and amendments are in progress.
* Members have a 12-month window to respond to the RSS notification.
* Currently, only a single letter is sent to members regarding their choice. The sub-committee discussed the potential benefits of sending additional reminders.
* It was suggested that many teachers may not be aware of how to access their online accounts. A reminder process could improve engagement and decision-making.
* The current communication method includes a physical letter, an email, and an update on the member’s online account.
* Capita agreed to explore the feasibility of sending additional reminders to members who have not responded within the 12-month window.
 | MR3/190325 |
| Agenda Item 7 | **Review of Quarterly Report and Supporting Papers**January Partners Forecast * The sub-committee reviewed the financial forecast presented in Paper 5, focusing on the cash position and income variance.
* It was noted that the income variance has moved outside the expected tolerance levels. While this is not uncommon in quarterly reports, members sought clarification on its implications.
* It was confirmed, although the variance is outside tolerance, the impact remains manageable due to flexibility built into the drawdown process.
* The sub-committee was reassured that weekly calls with the cash team are in place to monitor fluctuations, with these calls increasing in frequency as the financial year-end approaches.
* At this stage, there are no significant concerns, and the DfE is confident that the Parliamentary Vote will not be exceeded.

Suspense Accounts * The sub-committee reviewed the suspense account balances as detailed in Paper 5, noting the continued downward trend.
* A query was raised about the expected baseline for suspense balances. Historically, the aim has been to keep suspense within 1% of scheme income (approximately £80 million), though this was never a strict requirement but rather an expectation.
* The introduction of Monthly Contributions Reconciliation (MCR) initially caused a significant increase in suspense due to data processing challenges.
* Progress has been made in reducing suspense balances over the last two years, with further work required to clear aged transactions (some dating back two to three years).
* While the overall balance is decreasing, the rate of reduction has slowed. The sub-committee noted that continued engagement with TCS as part of the contract transition and the implementation of further controls are key to maintaining this progress.

Risk Management Update* The sub-committee was directed to the key risks outlined in Paper 5, particularly those detailed on pages 28-29. These represent the top strategic and operational risks currently being managed.
* Risks are monitored through the Risk Committee, which meets bi-monthly and includes representatives from both Capita and the Department for Education.
* Two risks were escalated to the Strategy Board for further discussion:
1. Significant Volume Increases: Service delivery plans were discussed in a separate session earlier in the day, and measures are in place to manage the anticipated workload.
2. Transitional Protection: This remains a high-priority risk, with ongoing work to ensure smooth implementation.
* The sub-committee was also directed to the risk management update on page 42 of Paper 4. While this section covers additional risks, no further deep dive was deemed necessary at this time.
* A specific discussion took place regarding the reclassification of the “Cost of Living Crisis”. The sub-committee agreed that this risk should instead focus on changing Member behaviours, such as:
	+ Members submitting retirement applications closer to their retirement date rather than in advance.
	+ The potential impact on service delivery and administrative processing times.
* The sub-committee acknowledged that tracking these behavioural trends is essential for effective resource planning.
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| **TP colleagues left the meeting** |
| Agenda Item 6 | **MCR/MDC Dual Running****The remainder of this section has been removed to ensure commercial sensitivities are maintained. A full set of minutes (and actions) will be produced from the sub-committee meeting, which took place on 19 March 2025 and will be shared with the Board Members.** |  |
| Agenda Item 8 | **Portfolio Management Executive Overview with risk update – Paper 7****The remainder of this section has been removed to ensure commercial sensitivities are maintained. A full set of minutes (and actions) will be produced from the sub-committee meeting, which took place on 19 March 2025 and will be shared with the Board Members.** |  |
| Agenda Item 9 | **Health Management****The remainder of this section has been removed to ensure commercial sensitivities are maintained. A full set of minutes (and actions) will be produced from the sub-committee meeting, which took place on 19 March 2025 and will be shared with the Board Members.** |  |
| Agenda Item 10 | **Transition sub-committee update from 12 March 2025****The remainder of this section has been removed to ensure commercial sensitivities are maintained. A full set of minutes (and actions) will be produced from the sub-committee meeting, which took place on 12 March 2025 and will be shared with the Board Members.**  |  |
| Items 11 and 12 | **Highlights to report to the Board:** **The remainder of this section has been removed to ensure commercial sensitivities are maintained. A full set of minutes (and actions) will be produced from the sub-committee meeting, which took place on 19 March 2025 and will be shared with the Board Members.** |  |
| Item 13 | **AOB*** No additional business was raised.
* The Chair concluded the meeting and thanked attendees for their contributions.
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| **Next meeting** |  **Wednesday 18th June 2025 Via Teams** |  |

Minutes agreed by Chair: Jo Maguire Date: 03/04/2025

Confirmed by circulation to MRIC members on 04/04/2025

To be ratified at MRIC meeting on 18th June 2025.