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

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

**18 September 2024 - Via Teams**

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| **Present:** |  |
| Susan Anyan  | 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 Contract Manager (Finance) |
| Matthew McNaughton | DfE Head of Programme Management |
| Helen Cowan | DfE Secretariat Team Leader |
| Abbie Myles  | DfE Secretariat |
| **Apologies:** |  |
| Loraine Dodds | DfE Secretariat  |
| **Observers:** |  |
| Alan Taylor | TPSPB Chair |
| Zaheer Patel | DfE Contract Management Team |

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|  | **Item** | **Action** |
| Agenda Item 1 | **Welcome and apologies:*** SA welcomed the attendees, including Alan Taylor and Zaheer Patel who were observing the meeting.
* Apologies were received from Loraine Dodds.
* The minutes from the MRIC meeting on 19 June 2024 were ratified.
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| Agenda Item 2 | **Actions from the previous meeting:** * ***MR1/190624 – Annual Report and Accounts***: The MRIC requested the inclusion of the unallocated contributions percentage in the dashboard. It was confirmed that the percentage will be added to future quarterly report narrative, and a review of historic measures is underway.
* ***MR2/190624 – End of Year Certificates (EOYC)***: Data relating to the 2022/23 End of Year Certificates had been requested at the last MRIC meeting. An update was provided on page 23 of the quarterly report.
* ***MR3/190624 – Group Internal Audit (GIA)***: regarding Transitional Protection (TrP) audit and management finding on the use of spreadsheets. Paper 7 is the response from Capita. TP explained that documented procedures for End User Computing (EUC) have been implemented, with a three-step review process with all evidence now available. All findings from the internal audit have been resolved. The MRIC confirmed that it was assured by the report.
* ***MR4/190624 – Emerging Risks update on informing the Financial Conduct Authority (FCA)***: concerning ‘advice’ that was apparently being given to TP members regarding opting in or out of the scheme. To date there had been no hard evidence that supports a referral to the FCA, however the position continued to be monitored closely.
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| Agenda Item 3 | **Finance Update:****End of Year Certificates (EOYC)*** Members were directed to page 23 of Paper 5. The DfE updated that three local authorities are yet to submit 2018/19 returns, expected by the end of summer. The 2019/20 and 2020/21 returns are on target to complete by the calendar year-end.
* The 2022/23 returns show a net cash variance of £1.3M, with £1M tied to one employer. Capita is chasing outstanding returns, with steady progress despite school closures during the holiday period.
* The MRIC asked about the background to local authorities’ data variances. The DfE clarified delays are due to finalising audits, not broader issues related to securing audit services.
* The MRIC raised questions about cash values and variances in the report. RL clarified that the table includes both unapproved returns and those with reconciliation issues.
* It was suggested that a template of the return should be circulated to the MRIC for better understanding and that more narrative should be included in the report to give more explanation of the table.
* The MRIC enquired about net cash variance; DfE confirmed it reflects both positive and negative variances.
* The deadline for 2023/24 is 30th September, and an additional row will be added to the report in due course. The DfE will also add more narrative for clarity of the table content in future updates.

**Monthly Contributions Reconciliation (MCR)*** The DfE explained that various employers are using MDC and MCR. The website has been annotated in the employer area that no further onboarding onto MCR will be accepted from 1 April 2025.
* The MRIC asked if MCR would eliminate the need for EOYC and it was noted that this function had always intended to be the second phase of the project so it would be reconsidered as part of the new contract.
* The MRIC asked about the types of employers contributing to the accumulation of unallocated funds. DfE said that the breakdown includes large academies, MATs and local authorities, as well as multiple employers linked to a small number of payroll providers. A MRIC member offered to help communicate with academies via CST membership.

**Annual Reports and Accounts (ARA)*** The DfE confirmed that the main scheme audit concluded in mid-July with no new findings. Two items from the 2022/23 report, were resolved. Unqualified accounts were laid before Parliament on 29th July, ahead of the summer recess.
* The challenging audit process was completed on time, and lessons learned sessions with auditors are planned to improve future audit engagement. Planning for the next audit starts in October, with testing beginning in December.
* The MRIC congratulated the team, for ensuring the audit stayed on schedule, achieving unqualified accounts for the eighth consecutive year.
* DfE noted that the audit management letter confirmed the closure of two audit findings and a clean bill of health for the scheme. The letter will be circulated to MRIC members and reported to the board.
* Secretariat to circulate the audit management letter to MRIC - members.

**Office for Budgetary Responsibility (OBR)*** The DfE confirmed that the annual Autumn OBR forecast exercise is underway, providing a medium-term forecast for the scheme's income and expenditure. The deadline was extended to 4th October due to the recent election, but the process remains consistent with previous exercises. The governance process has started, with review meetings in progress before finalising the data. A narrative outlining assumptions and risks will be submitted to the OBR.
* As usual, the OBR and Treasury may raise challenge queries, which will be addressed before the autumn statement. The MRIC acknowledged the progress.
 | MR1/180924MR2/180924 MR3/180924MR4/180924 |
| Agenda Item 4 | **Group Internal Audit (GIA) – Paper 8*** The DfE presented the findings of the internal audit focused on the Data Management Strategy and Data Improvement Plan.
* The Data Management Strategy serves as the framework for continuous improvement, while the Data Improvement Plan is monitored by the Data Strategy Working Group.
* The audit report returned an ‘effective’ rating. Some routine issues, such as data anomalies were noted but pose no significant concerns.
* Ongoing work with Capita will address priority areas identified in the audit findings.
* The MRIC acknowledged the ‘effective’ rating and commended the team on a successful audit.
* The next audit, focusing on TPS contract exit planning, is underway, with updates expected at the next meeting.
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| Agenda Item 5 | **Knowledge Management*** TP presented the knowledge management forward work plan, focusing on learning and development.
* New starters undergo training involving mock and live calls, with adaptability for both face-to-face and remote delivery.
* Ongoing training includes mandatory updates and professional development.
* Capita cross-train staff across different teams to enhance knowledge management.
* Reverse Roadshow/New Ideas Forum: Introduced last year to allow staff to propose improvements. Recent examples include a grading system for cases and a content audit of employer pages.
* TP highlighted the need for better knowledge retention and transfer and suggested improving methods to ensure information is actively disseminated rather than relying on staff to seek it out.
* The MRIC asked about potential improvements if resources were available. TP responded that enhancing knowledge transfer and actively delivering information could improve the current system.
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| Agenda Item 6 | **Review Dashboard and supporting papers**The MRIC noted the following matters:* Delivery and Maintenance of Data Quality: this is a top risk due to the importance of accurate data. The DfE can use various methods to do this. OM14 is being achieved therefore the data set is regarded as being adequate.
* Accuracy of Information from Employers: accurate data from employers is crucial for managing contributions and records. Efforts are ongoing to improve the quality of this data.
* Maintenance of Scheme Knowledge: retaining trained and capable staff is essential for maintaining scheme knowledge. Continuous updates and management are needed to ensure team capability.
* Accepted Schools Leaving the Scheme: no recent increase in schools leaving the scheme, but new government policies might influence behaviour, potentially leading to more withdrawals.
* Significant Volume Increase: DfE are monitoring increased member interactions and casework. Analysis with TP colleagues is underway to manage the impact effectively.
* Cost of Living: changes in member behaviour, such as increased retirements and re-employment, are being analysed to determine what factors are driving these changes. The MRIC was assured that Capita is analysing member feedback and patterns of reemployment.
* Managing the transition between incumbent and incoming suppliers is critical to ensure successful knowledge transfer and operational continuity.
* The MRIC raised a concern about employers facilitating arrangements for staff to leave TPS in favour of alternative schemes with covered wage differences, which could impact TPS income. It was suggested this issue be referred as a risk for further SAB review.
* The MRIC highlighted the need to monitor the risk of post-92 universities leaving the scheme.
* The MRIC proposed broadening the scope of strategic risk ST12 to include both institutional and individual opt-outs.
* The MRIC enquired about the real driver of behaviours of employees and employers, suggesting a broader issue beyond just cost of living. The DfE to look at how the risks can be reframed to reflect ongoing discussions.
* Summer Retirement Exercise (SRE): Completed on time.
* Opt-Outs, page 6: Increase noted due to auto enrolment and potential link to cost of living.
* Ill Health Contracts: Achieved BAU status with 55 cases awaiting medical assessment The teams were congratulated for this achievement. The MRIC commended the resolution of the ill health issue and acknowledged the team's efforts.
* The Chair asked for the full risk register to be circulated for future meetings, as it had in the past.
* The DfE noted minor corrections to the report and that the GIA audit plan for next year is in development and will be shared before the next meetings.
 | MR5/180924MR6/180924MR7/180924Sec to noteMR8/180924 |
| **TP colleagues left the meeting** |
| Agenda Item 7 | **Portfolio Management Executive Overview with risk update – Paper 10*** 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 the afternoon of 18 September 2024 and will be shared with the Board Members.
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| Agenda Item 8 | **GIA/GAD Data Quality Audit*** 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 the afternoon of 18 September 2024 and will be shared with the Board Members.
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| Agenda Item 9 | **Transition sub-committee update from 13 September 2024*** 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 the afternoon of 18 September 2024 and will be shared with the Board Members.
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| Items 10 and 11 | **Highlights to report to the Board:** * Annual Reports and Accounts (ARA) Progress and OBR
* Group Internal Audits (GIA)
* Transition and risks involved

There are no papers to be shared with the Board from this meeting.  |  |
| Item 12 | **AOB*** It was announced that the TPSPB Chair had asked for a deep dive on risk to be scheduled for the October Board meeting. The goal is to integrate risk perspectives across various areas**.**
* The MRIC emphasised the need to identify the best way to ensure the committee's added value to avoid duplication of efforts. It was proposed that DfE should prepare a reflective piece on this.
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| **Next meeting** |  **Wednesday 18th September 2024 by Teams** |  |

Minutes agreed by Chair: Susan Anyan Date: 08/10/2024

Confirmed by circulation to MRIC members on 08/10/2024

To be ratified at MRIC meeting on 11th December 2024.