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

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

**11 December 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 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 |
| Zaheer Patel | DfE Contract Management Team |
| Jackie Garside | DfE Senior Finance Manager |
| Judith Kirby | DfE Contract Management Team |

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|  | **Item** | **Action** |
| Agenda Item 1 | **Welcome and apologies:**   * SA welcomed the attendees, including Alan Taylor, Charlotte Wilson, Zaheer Patel, Jackie Garside and Judith Kirby who were observing the meeting. * No apologies were noted. * The minutes from September 18 were reviewed and approved without changes. |  |
| Agenda Item 2 | **Actions from the previous meeting:**   * *MR2/180924 – End of Year Certificates (EOYC)* - The only action remaining open from the previous meeting is MR2, concerning the deadline for the 2023/24 exercise. * Guidance regarding the EOYC process has also been shared with members since the last meeting. * The table has been updated to provide clarity around some of the statistics. * The 2023/24 exercise has split deadlines for local authorities and other parties and a brief line has been included in the QR to explain that the first exercise deadline fell midway through the reporting period. The second exercise deadline was in November. As a result, figures consistent with those in the table could not be provided. * A fuller update will be provided in the next quarterly report following the conclusion of the EOYC exercise. |  |
| Agenda Item 3 | **Finance Update:**  **End of Year Certificates (EOYC)**   * The Chair referred committee members to paragraph 117 on page 26 of the quarterly report (Paper 5), which outlines the audit trail for points raised previously. * The DfE provided an update on EOYCs noting that work is nearing completion for the 2018/19 and 2019/20 exercises. Efforts are focused on finalising returns from 2 employers. Once processed, the 2020/21 exercise will be prioritised. * The wording in the report has been updated to reflect that the information is "validated," ensuring that the assurance provided by employers in the EOYC matches the records in the TP systems. * The sub-committee was reassured that this is a reconciliation exercise with no significant exposure or risk and that contributions had been received from employers. * Concerns were raised by one committee member about the costs incurred by employers in relation to EOYC audits. * The DfE acknowledged this but emphasised that the audit provides essential assurance for the TPS and the scheme audit team.   **Annual Reports and Accounts (ARA)**   * The DfE had circulated the results of the 2023/24 audit report to sub-committee members and provided an update on audit planning for 2024/25 (Page 25, Paper 5). As part of the planning phase a number of employers had been identified for contribution testing. These employers will be contacted soon to ‘warm them up’ to the audit requests. * The governance structure is in place, with a Steering Board – including Peter Springhall as SRO - and monthly Working Group meetings. Key documents, such as terms of reference and risk registers, are being finalised and the expectation is that the project will (as usual) deliver the accounts prior to Summer recess. * The addition of a new audit lead and audit manager was noted.   **Office for Budgetary Responsibility (OBR)**   * The DfE updated on the October OBR submission, which was completed on time and published without challenge from OBR/HMT. The team is preparing for the winter exercise, though OBR may take a lighter approach this year. Focus will shift to Supplementary and Main Estimate exercises which will determine the Parliamentary ‘Vote’ to meet scheme costs for the current and upcoming financial years. * It was noted that there had been an a-typical increase in retirement volumes in September. * Recent Variances: Higher lump sum payments and commutation rates than previously, leading to increased expenditure. * Income Variance: Delay in pay awards appears to be causing lower-than-expected income, but it is anticipated that this is a timing issue which will self-correct in the following months. * The supplementary exercise will address these variances. * The committee suggested adding prior years' data to graphs for better trend analysis. The DfE agreed to explore this. * In addition, the committee asked for an updated assurance regarding the transition of OBR activity to TCS, with a particular focus on critical paths. | MR1/111224 |
| Agenda Item 4 | **Group Internal Audit (GIA) – Paper 7**   * The latest audit is focused on Capita's exit management plan, with a green rating and no findings. It specifically looks at Capita’s contractual obligations and governance over the period since the transition began. * The committee raised concerns about the narrow scope, questioning the usefulness of the audit given the broader project issues. It was agreed to discuss further offline and consider the wider transition context. * The Board was reminded that the scope of the audit was to consider the contractual processes and governance of exit against Schedule 8.5 and the Exit plan, therefore the audit scope sat within those parameters. * The data security audit, mentioned on page 28 of the paper, is in its final stages and expected to be completed before the next round of subcommittees. * The audit covers controls like training, guidance, data storage, access controls, encryption, and backup. * It was suggested providing a live update at the next Board meeting if the report is ready, with the chair agreeing to lead the update. | - Sec to note |
| Agenda Item 5 | **Group Internal Audit – 2025 audit plan – Paper 9**   * The internal audit plan for the next year is outlined in Paper 9 * Due to the contract expiry date, there are just two specific audits planned. * The internal audit function will undergo a third-party quality assurance assessment early next year. The output from this exercise will be shared with the MRIC sub-committee to provide additional reassurance on the GIA operations. * The results will be available for the Quarter 2 subcommittee meetings next year. * The committee noted that resource constraints might be an issue, recognising the significant activity involved in the transition project. |  |
| Agenda  Item 6 | **Forward Workplan Topics 2025**   * The chair sought input from Board members on topics for the next year’s forward work plan. The focus will be on risks, particularly around CETV delivery and the impact on member experience. * Concerns were highlighted about increasing volumes, especially related to retirement applications. A significant rise in retirement volumes at recent winter and Easter retirement exercises is observed. * Capita reported that these higher volumes are linked to the effect of transitional protection, as well as broader member behaviour, not solely cost of living. * Sub-committee members agreed they want to explore what is driving volume increases and the financial and operational impacts on the scheme. * A sub-committee member raised concerns about employer behaviour and obvious affordability challenges in schools and other employers, linked to the effect of increased pension contributions. * It was suggested considering the impact of the ongoing consultation on increased member contributions and on the Scheme’s finances and risks. * The DfE confirmed the Scheme Advisory Board (SAB) is leading on the consultation, and any resulting risks will be managed through that forum. * It was questioned whether the Scheme collects data on why members opt out or retire early. * Capita clarified that while reasons for opting out are recorded, early retirement reasons are not currently tracked, citing data privacy constraints. * It was agreed that the forward work plan will include discussions on volume increases, member behaviour, and associated risks. * Further exploration of employer behaviour, affordability issues, and external factors affecting the Scheme will continue. |  |
| Agenda Item 7 | **Review Dashboard and supporting papers**   * The DfE highlighted an ongoing issue with CETVS, which will be mitigated in the next issues log. * Handling times and call handling are under pressure due to increased volumes, particularly related to transitional protection (TrP) and retirement cases. These issues were discussed in the Service Delivery Committee, and actions are being taken to address them. * The TrP programme is issuing Remedial Service Statements (RSS) and implementing a revised plan for the remaining project. Commercial negotiations for additional resources to support the programme are ongoing. * The committee was reminded that a recent policy update from HMT requires Local Government Pension Service (LGPS) service under two years old to be returned to TPS for rectification, leading to additional workload. * It was suggested sharing the Service Delivery and Information to Members and Communication sub-committees’ agendas with all board members for better cross-committee awareness. It was agreed that this would be considered moving forward. * The committee noted that the dashboard now has a new format, incorporating feedback from the Board and Chair. Six key risks, highlighted by Teachers’ Pensions, are being monitored closely. | MR2/111224 |
| **TP colleagues left the meeting** | | |
| Agenda Item 8 | **Portfolio Management Executive Overview with risk update – Paper 8**   * 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 morning of 11 December 2024 and will be shared with the Board Members. |  |
| Agenda Item 9 | **Transition sub-committee update from 3 December 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 morning of 11 December 2024 and will be shared with the Board Members. |  |
| Items 10 and 11 | **Highlights to report to the Board:**   * Group Internal Audits (GIA) * Forward Workplan 2025 * CETVs * Volume increases * Transition risks   Papers to be shared: Portfolio Management Executive Overview with risk update – Paper 8 |  |
| Item 12 | **AOB**   * The meeting concluded with a thank you from DfE for the Chair’s invaluable support and hard work within her role as the IPS. The team expressed deep appreciation for her contributions and acknowledged that her guidance has been crucial in keeping the team on track. The individual was recognised as being a great asset, and their presence will be greatly missed. |  |
| **Next meeting** | **19 March 2025 in Darlington.** |  |

Minutes agreed by Chair: Susan Anyan Date: 07/01/2025

Confirmed by circulation to MRIC members on 07/01/2025.

Ratified at MRIC meeting on 19 March 2025.