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

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

**20 September 2023 – via Teams**

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| **Present:** |  |  |
| Susan Anyan | Independent Pension Specialist - Chair | SA |
| Kate Atkinson | Member Representative | KA |
| Susan Fielden | Employer Representative | SF |
| Maria Chondrogianni | Member Representative | MC |
| Anna-Marie Alderson | DfE TPS Senior Contract Manager | AA |
| Matthew McNaughton | DfE Head of Programme Management | MM |
| Richard Lees | DfE TPS Contract Manager (Finance) | RL |
| Keith Barker | TP Head of Scheme Finance & Payroll | KB |
| Amy Gibbs | TP Head of Governance & Risk | AG |
| Melanie Phillip | DfE Policy Team Leader Casework, Correspondence & TPSPB | MP |
| Helen Cowan | DfE Secretariat Manager | HC |
| Zillay Usman | DfE Secretariat | ZU |
| **Observers:** |  |  |
| Lindsay Kearns | DfE PA to Peter Springhall | LK |
| **Apologies:** |  |  |
| Lisa Sproats | Employer Representative | LS |

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|  | **Item** | **Action** |
| Agenda Item 1 | **Welcome and apologies:**   * SA welcomed those in attendance and LK. * Apologies from LS were received. * The minutes from 21 June 2023 were ratified. |  |
| Agenda Item 2 | **Actions from the previous meeting:**   * AA referred to MR1/210623 regarding differences in the dashboard figures and ones in the quarterly report. This has been addressed to ensure the figures now align. * Additionally, MR1/210623 included an action around the Office for Budgetary Responsibility (OBR) forecast. This will feature as a forward work topic item for the December sub-committee so will be closed as an action. * Sub-committee members were content to close action item MR3/210623 relating to the policy position on schools rejoining the scheme following phased withdrawal. |  |
| Agenda Item 3 | **Finance Update:**  **End of Year Certificates (EOYC)**   * KB confirmed good progress on the EOYC process with a further 43 returns cleared and 39 local authorities contacted. There are just over 50 EOYCs outstanding. The aim for the 57 oldest returns (2018/19) is to have them cleared by the end of December, with a view to closing down 2018/19 and 2019/20 returns by the end of the financial year. * There has been development on quantifying the value of cash variances and managing tolerances. * Deadlines for financial year returns 2022/23 are upcoming and there has been an improvement in unaudited return rates – currently over 80%.   **Monthly Contributions Reconciliation (MCR)**   * The MCR pilot has been successful resulting in there being no monies in the suspense account from employers that have onboarded as part of the exercise. Suspense balance continues to come down and employee relationship managers are targeting employers with highest amount of unallocated contributions in the suspense account. * SA enquired when the MCR related suspended funds would decrease and queried the viability of completing the MCR project within the current contract term. AG confirmed that aged suspense has dropped significantly but that Teachers’ Pensions (TP) is working with DfE to understand the output from the pilot exercise and the potential long-term approach. TP have flagged risks around being able to deliver onboarding for every employer within the contract term. * SF queried whether employers could be at risk of increased auditing costs due to complications caused by MCR and unreconciled contributions. RL explained that aged unreconciled contributions will predate MCR for which there is a separate process, whereas the process is more straightforward for newly onboarded employers. * SF asked if earlier employers had generated the balance on suspense due to complications. AG confirmed that the majority of those initially onboarded are not generating much suspense and TP are managing the process with the remaining employers. KB added that the age profile of those is decreasing every month. * KA asked what percentage of employers have been fully onboarded and are operating consistently/effectively using MCR. AG replied that there were about 50% employers currently onboarded and, once the payroll providers were onboarded, that would reduce the suspense balance further. * SA requested the onboarding data for the next sub-committee meeting to include: the number of employers, how many members that represents, how many require no support and how many require lots of support. AG agreed to supply this data breakdown. KA also requested a comparison of the information for different establishments. * SA asked whether the intention was to complete the MCR project within the current contract term. AA confirmed that options were being considered in light of the pilot exercise and an update will be provided at the next sub-committee meeting.   SA 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. MM confirmed that he would provide assurance during the portfolio update later in the agenda.  **Annual Reports and Accounts (ARA)**   * RL noted that the TPS ARA were laid in Parliament on 18 September 2023 without qualification. Six low level findings were reported from the audit, one of which has been addressed and the remaining five related to the MCR project which were already in the process of being addressed as part of the MCR replanning exercise. * SA requested that the sub-committee have sight of the findings and the management response to them. RL confirmed that he would provide these.   **Office for Budgetary Responsibility (OBR)**   * RL advised that the first draft of the forecast was successfully delivered with the main drivers for change being adjustments for CPI and pay increases. * RL explained that the initial return was submitted by the deadline of 4 September and the DfE is waiting for any possible challenge, which is likely to occur within the next week. Subject OBR sign-off the final forecast will be published alongside the Chancellor’s Autumn statement on 22 November. * SA noted that the group would return to OBR and the forecasting process in the December sub-committee. | MR1/200923  MR2/200923  MR3/200923 |
| Agenda Item 4 | **HartLink Change Management (HCMAR) GIA audit report & TPS Data Quality (DQR) GIA report**:   * AA explained that the HCMAR was rated as ‘Improvement Required’ with a finding related to password authentication being given a medium rating. * AA provided assurance that rectification has been completed and the audit action has been closed.   KA queried whether the HCMAR was related to the ill health contract and AA confirmed that there was no correlation.   * RL emphasised that although the controls in place were robust and accurate, they have been strengthened to ensure consistency with Capita’s required standards. * AA shared that the DQR was rated ‘Effective’ with no findings to take forward. * RL explained that he would share the Capita GIA TPS Audit Plan for 2024 with sub-committee members. |  |
| Agenda Item 5 | **Severe & major incidents alert protocol:**   * KA reflected that the protocol provided a balanced approach. * MC found it reassuring and advantageous to have an explicit protocol established. * SA enquired about the ‘DfE participator’ and AA replied that it is intended to be Peter Springhall. * SA requested sight of the *Incident Playbook*. AA explained that DfE is waiting for the *Lessons Learned* document from Capita. * SA queried why paragraph 7 included the words ‘if necessary’ in relation to notifying the Chair. AA explained that it was to provide some discretion but that any serious incident would result in the Chair being informed. * SA requested clarification in relation to paragraph 13 about seeking approval from the lead Government department prior to notifying the Chair. AA explained that, where multiple schemes and/or Departments are affected, it was important to recognise the sensitivities around other clients. In those circumstances, the Department is unable to communicate without approval from the lead Department. * SF requested how communications would be cascaded to other sub-committee members once the Chair had been informed. AA explained the intention was to discuss the incident with the Chair and then decide the dissemination process. The priority would be to manage the incident so that resource was focussed to ensure normal service could resume as quickly as possible. * MC requested assurance that Board members would be notified before serious incidents are reported in the media. KA recognised this was not always possible as sometimes the media breaks the story but requested that a list of clearly defined but non-exhaustive communication options be included. * SA reiterated that protocol should inform the relevant people with the expectation that the information will be contained and managed confidentially, as appropriate. * SA queried what the process would be if there was an incident at DfE. AA replied that the same protocol would apply with a decision being taken by the contract management team, the secretariat and Peter Springhall as necessary. * SA and KA requested that item 17 be amended to ‘provide sub-committee chairs with *ongoing* updates, as agreed with the Chair of the Board.’ * SF and SA requested that item 6b be amended to ‘that general or trade press may want to publish/*have already published*?’ | MR4/200923  MR5/200923  MR6/200923  MR7/200923  MR8/200923 |
| Agenda Item 6 | **MRIC Terms of Reference**:   * Sub-committee members were largely content with the Terms of Reference as drafted. * SA proposed including reference to allowing the sub-committee to take referrals from the Board or another sub-committee, for issues which could impact the MRIC sub-committee. * SA requested sub-committee documents be provided in a more digitally accessible format. | MR9/200923 |
| Agenda Item 7 | **Review Dashboard and supporting papers (Papers 4, 5 & 6):**  **Quarterly Report:**   * AA declared that there are no new emerging risks in the quarter. * KA referenced ongoing delays with ill health casework and SA confirmed that this would be covered in item 10. |  |
| Agenda Item 8 | **Review of Operational and Strategic Risk Registers:**   * SA commented that the Pension Dashboard Risk OP025 had been closed as Capita will no longer be delivering that Programme due to the changed timeline. * SA reflected data to be a significant risk and that data must be accurate and reliable for the dashboard and for transition purposes. SA noted that MCR, Transitional Protection are red and amber risks currently. * SA invited comments about the risk of volume increases. AA explained that the administration contract contains a provision that triggers a negotiation about the fee if there is a membership change of ± 5%. This threshold has been met and negotiations have commenced. However, it was recognised that TP have absorbed the impact in the short-term which has had implications for resources.   KA agreed that data is a significant risk and considerable attention is required to mitigate this. |  |
| **TP colleagues left the meeting** | | |
| Agenda Item 9 | **Portfolio Executive Summary Overview with Risk Update:**  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 20 September 2023 and will be shared with the Board Members, and at the next TPSPB meeting. |  |
| Agenda Item 10 | **Health Management (HM) Ill Health Contract Update**:  **Capita Cyber Incident update**  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 20 September 2023 and will be shared with the Board Members, and at the next TPSPB meeting. |  |
| Agenda Item 11 | **Transition sub-committee update:**  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 20 September 2023 and will be shared with the Board Members, and at the next TPSPB meeting. |  |
| Agenda Items 12 & 13 | **Highlights to report to the Board:**   * Annual Report and Accounts (ARA) have been laid in Parliament without qualification and the OBR submission has been submitted (awaiting challenge). * MCR * GIA audit reports * Severe & major incidents alert protocol * Health Management (HM) Ill Health Contract Update: * Transitional protection   **Agree whether any individual papers or presentations should be shared with the rest of the Board for information:**   * Paper 8 - Incident reporting protocol * Paper 12 – HM ill health contract update |  |
| Agenda Item 14 | **AOB**   * There was a discussion about the sub-committee meeting format where the general consensus was that face-to-face meetings were beneficial and that two meetings should be in person annually and two meetings via Teams. * AA relayed the suggestion of having the Spring and Autumn sub-committee meetings face-to-face and invited comments. * SF queried whether three separate calendar invitations could be distributed to more clearly define each sub-committee meeting. SA agreed and requested longer breaks to be incorporated between each sub-committee meeting. * SA closed by thanking sub-committee members for their contributions to the meeting. | MR12/200923 |
| Next meeting | Wednesday 13 December via Teams. |  |

Minutes agreed by Chair: Susan Anyan Date: 6/10/23

Confirmed by circulation to sub-committee members on 9 October 2023

To be ratified at sub-committee meeting on 13 December 2023