Teachers' Pension Scheme Pension Board (TPSPB)

SIXTH BOARD MEETING : 7 SEPTEMBER 2016

MINUTES

Present:		**Also Attending :**	
Michael Richardson CB (Chair)	MR	David Heslop (Capita TP)	DH
Geoff Ashton (Independent Pension Specialist)	GA	Stephen Baker (DfE Deputy Director School Employment Division)	SB
David Butcher (employer representative)	DB	Jeff Rogerson (DfE Head of Pensions Policy & Governance)	JR
Jerry Glazier (member representative)	JG	Kathryn Symms (DfE Policy & Governance team leader)	KS
Trefor Llewellyn (employer representative)	TL	Peter Springhall |(DfE Senior Finance Manager)	PS
Lee Probert (employer representative)	LP	Richard Lees (DfE Contract Manager – observer)	
Alice Robinson (member representative)	AR	Karen Cammack (DfE – Secretariat)	
David Trace (member representative)	DT	Fiona Laundy (DfE – Secretariat)	
Apologies :			
Simon Judge (DfE representative)		David Simmonds CBE (employer representative)	
Paul Kett (DfE representative)		Dave Wilkinson (member representative)	

	Item	**Action**
Agenda item 1	**Introduction, attendance, apologies:** • Apologies were received from Simon Judge, Paul Kett, David Simmonds and Dave Wilkinson. • MR extended a warm welcome to David Butcher attending his first Board meeting following his appointment as an employer representative. **Minutes of the previous meeting:** • The minutes from the 15 June 2016 meeting were agreed. **Register of Interests:** • There were no comments and no changes required. **tPR Forum:** • MR attended the tPR consultative group on 5 July. Topics that dominated conversation were the regulator's role in responding to breaches and sanctions, where Boards generally expect the tPR to take a tougher line than currently. • It was observed that the regulator did not currently advise supervising pension boards where they had been informed that a scheme administrator was encountering problems with their employer(s). The regulator undertook to ensure chairs of public sector boards are kept informed where they are taking action in such cases. • DH confirmed that TP report breaches to the regulator on a monthly basis and have approached the regulator to write to employers where late return of contributions is a problem. • It was agreed to include an update on TP's contact with the regulator as a standing agenda item.	AP 01/070916

Agenda item 2	**Update on action points**: • DfE to complete review of the skills matrix template and share with GA, in the first instance, for comment and thereafter with the remainder of the Board in the autumn. • Re AP 12/150716: DfE explained that maintained schools are covered by LEA audits and do not produce separate audited accounts. The action to investigate processes will be modified and DfE staff will talk with colleagues in IFD and update the Board in December.	AP 02/070916
Agenda item 3	**Sub-Committees update:** • There had been no feedback on the note from the inaugural sub-committees and it was agreed that this was an accurate record of the meeting(s). • It was noted that the inaugural meetings had provided a useful opportunity to meet DfE main points of contact. • DfE to amend and circulate revised ToRs covering the agreement that minutes rather than notes of meetings will be taken. • It was noted that there would be subjects which overlap between sub-committees. The three chairs will identify such areas and "lead" sub-committees will then be determined by discussion at Board level. • DB had asked to join the Managing Risk and Internal Controls sub-committee. JG, as chair of this group, confirmed that he was happy to support the request. • The three chairs plan to have a pre-meeting on 18/10 ahead of the first sub-committee meetings. Secretariat to arrange. • GA, as pension specialist, will provide guidance and advice to the sub-committees as required.	AP03/070916 AP04/070916
Agenda item 4	**Audit Actions update:** • JR confirmed that actions 1- 5 have been completed and are being implemented - requirements have been embedded into the ToR for the Sub-committees and the revision to the Board's ToR. • Further work is needed on action 6 (links with academies) and the Board acknowledged the on-going work that the policy team is doing to establish links and working relations with colleagues in DfE's academies team. • It was recognised that a reporting structure for academies was not yet in place, and that there was some tension between the need for a representing body and the given autonomy of academies. The Board retains its ambition to have an academy sector representative on the Board, but recognised the challenges around how this would be achieved and how they would report back to their sector. • It was agreed that an update on the audit actions no longer needs to be a standing agenda item, but that an update on progress with academies will be included instead.	AP05/070916

Agenda item 5	**Achievements of the Board:** • It was noted that there is a section in the Annual Report and Accounts that covers the Board activities for the year and that separate arrangements exist for drafting this information. • As part of its ToR the Board are required to make an annual report. The Board considered the two papers that had been drafted – one setting out the detail of the Board's activities during the year and the second an example summary. • The Board agreed that the two versions serve separate purposes, one to formally apprise the Secretary of State and Ministers of activities and achievements, the other, a less formal, shorter (aiming for one side of A4), version as a public facing document for communicating to members and employers. • The Board were content with the tone of both, although they noted some drafting preferences in the summary version and felt that para 4 should be strengthened to illustrate how the Board had challenged on behalf of the "reader" i.e. that the Board is working for them. • It was agreed that MR will circulate the longer version to Ministers for information. DfE will amend the shorter version to reflect the required changes and arrange for TP to then refresh it to reflect its style for member communications/content. Revised document to be shared with the Board ahead of publication.	AP06/070916 AP07/070916
Agenda item 6	**Issues arising from consideration of the Dashboard:** • None – the Board were content with the information in the Dashboard.	
Agenda item 7	**Issues arising from consideration of the Administration update:** • JR covered the highlights from the report confirming that: the processing of 1/9 retirement requests was progressing well; there is a further audit report on the fraud incident that will be circulated to Board members shortly; the GMP exercise is progressing well; and this quarter has seen the best results against SLAs for over three years. • There were some residual issues with TP's portal, but the Board noted with admiration TP's performance in the last quarter. • The Board questioned the impact the GMP project is having on members, and JR/DH confirmed that the interim solution implemented by HMT ensures that no one is impacted before April 2018. Work will continue to identify a long-term solution regarding male/female equalisation issues, which is the subject of a HMT consultation. • The Board noted that 5 employers had been reported to the regulator over their failure to pay contributions, and that one (independent) school has since gone into administration. TL asked for details of the schools involved and volunteered to pass along information to ISBA to hasten returns and help put	AP08/070916

	pressure on offending schools. JR noted that he would need to investigate whether/on what basis this information could be shared. • The Board noted the progress of MDC on-boarding and the work that TP are doing with payroll providers to identify and resolve problems. The Board discussed issues and problems encountered such as the need to upgrade software, data sharing and communications. DH confirmed that, following a suggestion from the Board, TP had mailed an e-shot to very senior staff in organisations which had helped with engagement and that converting academies were going straight onto MDC. • Due to the importance of the project, MDC will now feature as a separate agenda item. Reporting to provide more details including a breakdown by sector so that the Board can see progress across the piece. Annual Service Returns were due by 6 July. TP have adopted a strategy this year of writing to the chair of governors, where returns have not been received, to escalate the issue. Further escalation is via the regulator, although they have limited sanctions that can be applied. TP have found the most effective tool to be where they inform employers that the next step is to write directly to members, highlighting the implication of late returns. • The Board discussed other escalation routes, such as EFA and ISBA and the policy team's continued liaison with the academies team. The Board endorsed the proposal that EFA should be involved - DfE to "add the weight" of the Board's view when seeking to push the case for payment of contributions to be part of the dashboard/checklist for considering financial propriety at academies. • DfE/TP to seek to provide a list of outstanding annual service returns alongside details of those schools which have been provided to the regulator. • The Board were pleased to note that TP had acted upon their suggestions to remove the requirement for a counter-signatory on re-marriage declarations and have introduced the phone option for members to report changes.	AP09/070916 AP10/070916 AP11/070916
Agenda item 8	**<u>Issues arising from consideration of the Employer Review update:</u>** • A review of the employer model is underway which is looking to propose changes to the balance of, and sharing responsibilities between, employers and the scheme administrator and upgrade the governance of the scheme. • The review has also been looking at providing for improvements in data quality and the assurance process, particularly as employer numbers are rising. MDC may be enhanced to validate and reconcile data and provide assurance in real time by adopting a risk-based system which allows a different level of scrutiny depending on the individual organisation's risk factors. • There was a robust discussion on the objectives, principles and elements of the approach, with concerns expressed over the option of centralising auditing arrangements and using the	

	administration levy to meet costs. • TP and DfE to review the proposals for improving the end of year certificate auditing process, in particular the evidence that there is a widespread problem and whether there is a better alternative to seeking to impose a particular auditor on employers (for example, whether the answer is to provide an updated audit specification that has different levels of rigour targeted at different levels of risk and it is then for employers' auditors to apply that/comply with it). • December's Board agenda to include an item on the conclusions of the Employer Review and the key issues.	AP12/070916 AP13/070916
Agenda item 9	**Issues arising from consideration of the Engagement Report:** • The Board were pleased to note the increase in uptake of MPO accounts, the work that TP is conducting to target specific groups such as NQT and that channel of choice communications in respect of P60 receipt, has been made more prominent.	
Agenda item 10	**Issues arising from consideration of the Finance, Risk and Audit Report:** • The Board noted that the pro-active work on tracing deferred members and pursuing debt cases demonstrates, when considered alongside the work on re-marriage, there is an ethical balance in the way in which the scheme is being administered. • The Department confirmed that the difference between the figures regarding total collected from the levy and monies spent needs to be considered in the light of the fact that the levy arrangements came into effect from April 2015 but that it only begin being collected from employers from September of that year, in line with the arrangements for introducing the new employer contribution rate. • SJ noted ahead of the meeting that GIAA, the Department's internal audit team, (as opposed to GIA, Capita's group audit), have been asked to look at the latter's work programme and form a view on its adequacy. This is something the Department used to do as a matter of course, but has dropped off the GIAA work programme in recent years.	
Agenda item 11	**OBR Financial Forecast :** • PS provided an update on progress against the autumn forecast to give assurance to the Board. Going forward, assurance will be driven through the sub-committee as they will have sight of progress and methodology. • A robust forecasting mechanism is in place and a wider evidence-base has been considered this time with horizon scanning to identify issues and impacts. TP are on course to have a draft report with the DfE shortly when QA processes, including GAD review will be completed. • Board members were interested in comparisons between other	

	public sector schemes; PS confirmed that currently no cross-referencing takes place. However, TPS accounts are held in high regard and other schemes look to TPS methodology as a good example.	
Agenda item 12	**Contract re-tendering:** • DH left the meeting to ensure that TP are in the same position as other potential providers within the re-tendering exercise. • The Board reviewed the timeline which has now been revised following consultation with DfE procurement specialists. The document sets out the key milestones and the project timeline and now includes a transition element. • The Board noted that the process is a lengthy one, and discussed at what point they would become involved and what their precise role/responsibilities are. • DfE, working alongside LP, will produce a more detailed paper on the procurement process, in particular setting out the roles and responsibilities of the key players across the scheme governance arrangements, • and within that, what the roles and responsibilities of the Board are. The Board noted that continuity of representation through the re-tendering process would be valuable. This topic and the timing of setting up a further subcommittee on contract re-tendering would be discussed at December's Board. • It was noted that separate Board papers/minutes may need to be produced to ensure individual bidders do not have sight of details that may provide an advantage, and that this should be made public.	AP14/070916 AP15/070916 AP16/070916
Agenda item 13	**Policy Report :** • Following consultation by HM Treasury, arrangements to implement a £95k cap on public sector exit payments are being taken forward as part of the Enterprise Bill that is currently going through Parliament. The Department will review what information is available on TP's website, with the aim of ensuring there is up to date and clear guidance for employers. • Changes will be implemented through primary legislation with which TP will be required to comply. TPS regulations will need to be amended to reflect the changes. • HMT published a consultation earlier this year on options to make public sector exit compensation terms fairer, more modern and more consistent. The consultation closed on 3 May but a response has not been published yet.	AP17/070916
Agenda item 14	**AOB :** • The Board were content with the IDRP report. • Board member re-appointments : Secretariat have prepared a paper setting out options and recommendations. Once a decision has been reached information will be shared with Board members, however proposals will then be subject to	AP18/070916

	ministerial agreement. Confirmation will be provided in time for the next Board meeting in December. • The Chair thanked those involved for the informative and interesting teach-in sessions delivered during the morning session.	
	The next meeting will take place on 7 December 2016 – Room LG 03:04 DfE Sanctuary Buildings London.	

Minutes agreed (Chair) : Michael Richardson

Date : 10 September 2016

Minutes circulated to Board members for review on : 12 September 2016
Minutes agreed by TPSPB at 7 December 2016 Board meeting.
Once endorsed the minutes will be signed by the Chair, uploaded to the Governance area of TP's website and securely stored.

Final Signature :



Date :

