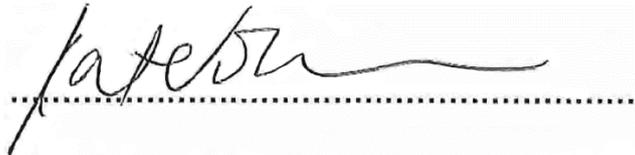


Scottish Public Pensions Agency Framework Document

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Signed on behalf of Scottish Ministers



Kate Forbes

Minister for Public Finance and Digital Economy

Signed on behalf of Scottish Public Pensions Agency



Penelope Cooper

Chief Executive

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1. Introduction

This Framework Document builds on previous frameworks in setting out the relationship between the Scottish Government (SG), Scottish Ministers and the Scottish Public Pensions Agency (SPPA). SPPA holds agency status and forms part of the ministerial portfolio for Finance, Economy and Fair Work and has a direct reporting line to the Director General: Organisational Development and Operations.

SPPA was formally established on 1 April 1993 as part of the Government's Next Steps Initiative. The Agency was known as 'The Scottish Office Pensions Agency' before changing its name after the establishment of the Scottish Parliament on 1 July 1999. It operates out of freehold premises based at 7 Tweedside Park, Tweedbank, Scottish Borders. It moved to its present location in 2002 and employs circa 300 staff.

2. Executive Responsibility and Roles

SPPA is headed by a Chief Executive who is responsible to Scottish Ministers, for its management, performance and future development. The Chief Executive holds Accountable Officer status and the roles and responsibilities of the position are set out in the letter of accountability issued by the Permanent Secretary for the Scottish Administration.

The principal roles of SPPA are:

- to administer, on behalf of Scottish Ministers, the public service pension, premature retirement compensation and injury benefit schemes for which Scottish Ministers have administrative responsibility so as to provide an efficient and effective service for those who use the schemes, at an economic cost to the public purse;
- to prepare in accordance with government policy the regulations governing these and other schemes for which Scottish Ministers have regulatory responsibility;
- to determine questions under the regulations on which there is a right of appeal to Scottish Ministers;
- to follow regulatory guidance and codes of practice issued by The Pensions Regulator in observance of its powers under the Pension Act 2004;
- to advise Scottish Ministers on public sector pensions policy generally; and,
- to be a national centre of expertise for the administration of public pensions and the provision of policy advice.

3. Functions

The SPPA undertakes the functions listed below. In accordance with its income generation and business development strategies, the SPPA may in time undertake similar functions on behalf of other organisations. Subject to adhering to the fees and

charges guidance contained in the Scottish Public Finance Manual, the Agency may charge fees sufficient to recover some or all costs incurred in providing those additional activities.

3.1 Functions related to NHS, Teachers', Firefighters' and Police Pension Schemes and Injury Benefit Schemes

- maintaining records to support the operation of the schemes;
- calculating, authorising and paying pensions, other benefits and any other sums due on retirement and thereafter under schemes' regulations including injury benefits (for NHS, Police and Fire schemes only);
- calculating, authorising and paying pensions to spouses/partners and dependents on the death of a member/pensioner;
- maintaining systems to support the prompt and accurate payment of such sums due;
- processing elections made under the regulations by members;
- calculating and paying refunds of contributions and providing services to support the purchasing of additional pension;
- calculating and paying the transfer of pension rights to and from other pension providers;
- providing information to members and their employers, to their agents and to UK Government Departments such as the Department for Work and Pensions and the HMRC;
- maintaining facilities for Additional Voluntary Contributions for scheme members, as laid down in the schemes' regulations;
- collecting sums due to the Scottish Ministers under the regulations (not Police and Fire Schemes);
- maintaining accounts of income and expenditure under the regulations (not Police and Fire Schemes);
- preparing budget estimates of income and expenditure and monitoring actual payments against estimates (not Police and Fire Schemes);
- providing accurate information to other parts of the Scottish Government and to the schemes' actuaries for accounting and valuation purposes;
- liaising with HM Treasury, other UK Departments and bodies regulating and administering public service pensions;

- providing services in support of the governance framework created by the Public Service Pension Act 2013 for the pension schemes for which the Agency has administrative responsibility;
- providing Cash Equivalent Transfer Values for divorce purposes and the implementation of Pension Sharing on Divorce orders for which income is generated.

3.2 Functions Related to Regulation of Schemes

- participating in the development of public service pensions policy with the HM Treasury and other interested UK Government Departments, and consulting with Scottish representatives of employers and members of the schemes;
- advising Scottish Government and the Scottish Ministers on the implications for their areas of responsibility of pension policy developments;
- preparing and promulgating statutory regulations;
- advising local authorities and other bodies involved in administration of the schemes; and,
- determining questions under the regulations where there is a right of appeal to the Scottish Ministers.

3.3 Services provided under negotiated Service Level Agreements, where appropriate

- maintaining records, calculating benefits, and other pension services for schemes with a workforce attached to certain Non-Departmental Public Bodies sponsored by the Scottish Government and funded on a repayment basis;
- providing advice to Directorates of the Scottish Government and to the Scottish Ministers on public service pensions policy in general and pension;
- providing statistical information to other parts of the Scottish Government from pension records.

4. The Agency's Vision

We shall provide excellent customer service, combining skills and technology to maximise efficiency and deliver best value to taxpayers in Scotland.

5. Mission and Strategic Aims

To achieve its Vision, SPPA's mission is to put the customers' needs at the heart of its business planning and service delivery. Therefore, SPPA's strategic aims are:

- Customer first – be focussed on our customers' journey at all times

- Service delivery – deliver best in class customer standards
- Operational excellence – deliver digital era business solutions to enhance the customer experience
- Developing our people – make SPPA the pension provider employer of choice, trained in delivering what the customer needs

The expression of the strategic aims above, in terms of business drivers and key tasks, is to be found in the *SPPA Strategic Plan*. This will also include the scope and scale of the planned tasks which will, as far as practicable, reflect the known funding position at the date of publication.

6. Strategic Objectives

SPPA's objectives are an articulation of its strategic aims set in the context of the 3 to 5-year strategic planning period. Annual staff objectives and performance management will be based around the tasks to achieve Agency's objectives which are articulated in the *Annual Business Plan*.

7. Values

Staff in SPPA seek, at all times, to uphold the core values of the *Civil Service Code*. Staff will look at all times to apply an ethical approach to their work by following the Code. This may involve identifying possible threats to core values and either avoiding possible conflicts or resolving existing conflicts in both a professional and ethical manner and in the context of observing the public interest.

The *Ethical Standards in Public Life etc. (Scotland) Act 2000* brought in a statutory 'Code of Conduct for Board Members of Devolved Public Bodies' which non-executive members acting as 'office holders' at SPPA will also be expected to observe.

SPPA expects Non-Executive Members and Board attendees to observe the two fundamental principles of 'Board Life' – confidentiality and exemplary conduct. In terms of 'Public Life', Non-Executive Members should act ethically and uphold 'Nolan's 7 Principles of Public Life'. The SG identified nine key principles underpinning public life in Scotland, which incorporated the seven Nolan principles and introduced two further principles: Duty (Public Service) and Respect. SPPA has incorporated the principles into its members' Code of Conduct contained within the *Non-Executive Members Code of Conduct*.

8. Performance Standards, Key Performance Indicators and Targets

Scottish Government's Scotland Performs consists of a number of elements which support and reinforce each other:

- The SG's Purpose
- The Purpose Targets to track progress towards the Purpose
- Strategic Objectives to focus on action
- National Outcomes describing what the SG wants to achieve
National Indicators to track progress towards the Purpose and National Outcomes.

As an Executive Agency of SG, SPPA makes every effort to support the national purpose and aligns its aims to contribute directly to the Scottish Government's National Performance Framework and the National Outcomes described within.

In furtherance of its roles and contributing to the National Outcomes, SPPA sets performance standards in the following areas:

- timely, accurate and value added service to members of schemes administered by SPPA, and their employers;
- timely and accurate collection and payment of sums due under these schemes, and their proper accounting and budgeting;
- timely and accurate publication of information about changes to scheme policies and regulations to local authorities and other bodies administering schemes regulated by SPPA;
- value for money in delivering a cost effective service;
- relevant, timeous and accurate policy advice to Scottish Ministers on pension matters for which they have devolved responsibility; and,
- timely and accurate regulations and development of schemes for Scottish Ministers who have devolved responsibility in accordance with relevant policy.

Performance standards form one part of the Agency's Key Performance Indicators (KPIs). Performance standards also feature in Service Level Agreements drawn up between SPPA and representatives of the Scottish Police Authority and Scottish Fire and Rescue Service.

Agency Outcomes and Key Performance Targets (KPTs) are agreed by Scottish Ministers as part of the Agency's Strategic Plan approval process. Strategic Objectives are set out annually in the Agency Business Plan and describe in more detail how the KPTs will be met and are set internally. Key Business Tasks and the Key Performance Indicators (KPIs) to support the Strategic Objectives are monitored on a regular basis by the Senior Leadership Team and Management Advisory Board.

9. Service Delivery and Governance

9.1 Role of the Scottish Ministers

Occupational pension policy is a reserved matter under UK law. The role of Scottish Ministers, as Responsible Authority, is to produce the detailed public service pension scheme regulations for the NHS, Teachers', Firefighters', Police and Local Government pension schemes in Scotland in the light of advice from SPPA. The Responsible Authority may also seek advice from each of the five Scheme Advisory Boards which exist to provide advice to the Responsible Authority on request. Agreement with HM Treasury is required before regulations can be made for the NHS and Teachers' schemes, and a Memorandum of Understanding between the SG and

HM Treasury in respect of their responsibilities for those schemes is maintained. As appellate authority and administrative authority for certain schemes, Scottish Ministers take decisions in individual cases depending on the circumstances. SPPA maintains a *Statutory Framework* that governs the schemes regulated and administered by SPPA on behalf of Scottish Ministers.

Scottish Ministers are also Scheme Manager of, and legally responsible for, the operational management of pension schemes devolved in line with legislation. SPPA acts as Scheme Manager on behalf of Scottish Ministers on a day-to-day basis for the named schemes. Scottish Ministers would not normally intervene in the Agency's principal role of administering public service pensions for the schemes covered by this Framework Document.

Scottish Ministers also determine the scope of SPPA's responsibilities in administering the Scottish NHS, Teachers', Police and Firefighters' schemes; its strategic objectives; the extent of the authority delegated to the Chief Executive; the resources allocated to SPPA; and its strategic plan key performance targets. They exercise these responsibilities in the light of advice from the Director General Organisational Development and Operations and others as they consider appropriate, by:

- holding the Chief Executive to account for SPPA's performance;
- approving the Framework Document and any revisions to it;
- approving SPPA's Strategic Plan;
- setting the administration budget for the SPPA; and,
- receiving the Annual Report and Accounts from the Chief Executive as Accountable Officer for the Agency and NHS Pension Scheme (Scotland) [NHSPSS] and Scottish Teachers' Pension Scheme [STPS].

9.2 Role of Director General: Organisational Development and Operations

The Director General: Organisational Development and Operations will act as a focal point within the SG for supporting and facilitating the work of the Chief Executive in meeting the Agency's objectives and targets. He or she advises Scottish Ministers on how SPPA's proposed Strategic Plan fits into the wider SG policy objectives and on the level of resources that should be made available to SPPA.

The Director General: Organisational Development and Operations may delegate the responsibilities above to a nominee. Therefore the SG's Chief Financial Officer may act in the capacity of a 'Fraser Figure'¹ or 'Portfolio Sponsor' in representing the respective interests of SPPA, Organisational Development and Operations within the Finance and the Constitution Portfolio and Scottish Ministers.

¹ The role of the Fraser Figure is to act as a focal point within the Scottish Government for supporting and facilitating the work of SPPA in meeting the Agency's objectives and targets

The Director General: Organisational Development and Operations has the following responsibilities in respect of pension schemes and of SPPA:

- to advise Scottish Ministers in the exercise of their responsibilities as stated above;
- ensuring the relationship between the Chief Executive and Ministers is appropriate and working effectively;
- ensuring that SPPA's objectives and performance contribute to, and are part of, the Portfolio as a whole; and are aligned to the Government's National Purpose and National Outcomes as set out in the National Performance Framework;
- ensuring that there is a clear framework for strategic performance improvement and management of the SPPA's work; providing support and constructive challenge to ensure that SPPA is high-performing and continuously improving; and, ensuring that operational accountability is being exercised properly;
- monitoring the financial performance, operational effectiveness and risk management arrangements of the SPPA on the basis of information and advice from the Chief Executive and from central SG finance function, seeking clarification on any matter, as and when, required;
- approving matters not covered by the *Delegated Financial Authority*;
- ensuring that SPPA is taking steps to improve its operating efficiency, including through participation in collaborative procurement and shared service arrangements;
- promoting integration and organisational alignment between the Agency and the SG as appropriate, e.g. by involving the Agency's Chief Executive within portfolio management arrangements; holding regular meetings with the Chief Executive; ensuring the Chief Executive is aware of SG-wide strategic developments and decisions impacting on the Agency; and ensuring that the position of the Agency is taken into account in relevant SG policy decisions;
- representing the interests of the Agency within the wider SG, ensuring the SG has due regard for the advice provided by the Agency and ensuring the Agency Chief Executive is aware of SG-wide strategic developments and decisions impacting on the management or operations of the Agency and that where necessary support services are provided to facilitate the work of the Agency as set out in the *Summary of Support Services provided to SPPA*;
- performance appraisal of the Chief Executive; and,
- ensuring that an appropriate Framework Document is in place and maintained. In practice, such documents are prepared by the Agency in consultation with the core SG before being submitted to the DG for approval.

9.3 Role of the Chief Executive

The Chief Executive is answerable to Scottish Ministers for the operation of the Agency; for its day to day management in accordance with this Framework Document and the Strategic Plan; and for planning its future development. The Chief Executive reports to Scottish Ministers regularly on a basis agreed between them.

Chief Executive duties include:

- responsibility for SPPA's overall financial performance, its efficiency and cost-effectiveness, and achievement of its performance against key targets;
- responsibility for SPPA's quality of service and achievement of its key performance targets and service standards;
- keeping under review the provisions of the Framework Document and proposing any desirable changes;
- responsibility for the management of risk within the Agency;
- ensuring that all relevant financial considerations and SG guidance, including issues of propriety, regularity, efficiency and value for money, are taken into account in delivering the Agency's business;
- preparing a five year rolling Strategic Plan and Annual Business Plan, including proposing performance targets and bidding for resources. This is supported by individual Business Plans for Agency business areas
- preparing, submitting to Scottish Ministers and publishing SPPA's Annual Report and Accounts;
- preparing, submitting to Scottish Ministers and publishing annual reports and accounts for the STPS and NHSPSS;
- preparing and submitting data to scheme actuaries to inform annual reports and accounts for the Police and Firefighters' Pension Schemes in Scotland;
- responsibility for SPPA's delegated personnel management responsibilities, including the recruitment, motivation, development and training of its staff and the maintenance of good employee relations;
- providing, after appropriate consultation, advice and information to Ministers and other parts of the SG on pensions arrangements in organisations and services for which they have responsibilities and on public pensions policy generally;
- being Accountable Officer for SPPA's administration costs and for income and expenditure related to the STPS and NHSPSS;

- ensuring Best Value in all aspects of the SPPA's operations, both front line delivery and corporate support functions, including the use of collaborative procurement and shared service arrangements where participation offers value for money for the SPPA or to the wider public purse;
- ensuring that recognised best practice approaches are used to protect SPPA's assets (people, information and infrastructure) in order to achieve a proportionate and risk-managed approach to security which enables the business to function effectively, safely and securely;
- ensuring that SPPA continues active participation as a Cyber Catalyst organisation in respect to the Scottish Cyber Resilience: public sector action plan;
- publishing information in conformity with the Public Services Reform (Scotland) Act 2010;
- adherence to Data Protection Legislation, and;
- replying to correspondence from MSPs on operational issues within SPPA's responsibilities and otherwise supporting Ministers by preparing Ministerial briefing and responses to Ministerial correspondence and Written or Oral Parliamentary Questions.

9.4 Role of the Management Advisory Board

The Chief Executive will be assisted in their responsibilities by a Management Advisory Board (MAB) which will meet with sufficient regularity and at optimal times during the year in order to ensure that it is able to fulfil its role included in its *Terms of Reference*.

Membership comprises:

- Chief Executive
- Scottish Government Director General: Organisational Development and Operations or their nominee
- 2-6 SPPA appointed Non-Executive Members, one of whom will be delegated by the Chief Executive to Chair the Board and whose responsibilities are set out in the Terms of Reference

Ordinarily Executive Heads of Department may be invited to attend all scheduled meetings. Chairs of Pension Boards, or vice-chairs in their absence, may receive invitations to attend meetings at the discretion of the Chair and/or the Chief Executive.

The MAB is in place to assist the SPPA in the strategic delivery of its functions and to offer advice, scrutiny and constructive challenge to the Chief Executive; to seek to improve performance and promote good governance; and hold officials to account for identifying and managing risk. MAB members are not appointed to hold the Chief Executive and senior management team to account.

The appointment of Non-Executive Members to the MAB will be made by the Chief Executive via an open recruitment process and following SG recruitment guidelines. Appointments will be made on the basis of the Agency's specific business needs and to achieve as diverse a membership and skill set as possible. The selection panel would typically comprise the Chief Executive, an existing Non-Executive Member and one other senior official.

9.5 Audit and Risk Committee

SPPA funding is received from the SG through the passing of the annual Budget Bill. An expenditure budget is set annually by the Agency to achieve a balanced financial position. To support the Chief Executive, the MAB has the discretion to establish a committee to operate as the Audit and Risk Committee (ARC) to advise the Accountable Officer. This Committee would provide assurance on levels of internal control, including corporate governance, risk management and audit matters. Membership comprises:

- at least 3 members all of whom should be MAB members or other independent external members
- an independent Non-Executive Member acting as Chair

The ARC will meet with sufficient regularity and at optimal times during the year in order to ensure that it is able to fulfil its role included in its *Terms of Reference*.

The principal role of the ARC is to review and report on audit plans, audit reports, the annual report and accounts as well as the pension scheme statements. The Committee will also continuously review the systems of internal control, in particular the Agency's Risk Register and high level Risk Management plans, to allow the Agency's Accountable Officer to sign the annual Governance Statement that is provided alongside the Annual Report and Accounts. Where further guidance on the operation of the Committee is required, reference will be made to the *SG's Audit Committee Handbook*.

9.6 Role of Pension Boards

A Pension Board has been established for each of the four schemes that SPPA administers which will meet with sufficient regularity and at optimal times during the year in order to ensure that it is able to fulfil its role included in its *Terms of Reference*.

The principal role of the Pension Board is to assist the Scheme Manager in the operational delivery of the pension scheme in line with scheme regulations and expectations set by The Pensions Regulator. The relationship that exists between the Pension Board and other governance bodies in the Agency and ultimately Scottish Ministers is set out in a *Governance Schematic*.

Membership of each pension board will comprise of:

- An independent chair
- An independent vice-chair
- Between 3 and 6 nominated individuals representing member interests

- Between 3 and 6 nominated individuals representing employer interests

SPPA will be represented at the Board by the Chief Executive and/or another senior official although they will not be Board members. The number of members to make meetings quorate is given in the individual pension board Terms of Reference.

The independent chair and vice-chair for each board are appointed by the SPPA Chief Executive, Non-Executive Member and one other senior official. Board members representing member and employer interests will be nominated by appropriate organisations and must be equal numbers at all times. All pension board members have a duty to act in accordance with scheme regulations and other governing documents, as set out in this Framework.

9.7 Scheme Advisory Boards

The purpose of the Boards is to provide advice to the Responsible Authority, at the Responsible Authority's request, on the desirability of changes to the design of the individual schemes and the implication of other policy issues. The Responsible Authority for these purposes is the Scottish Ministers with the Cabinet Secretariat for Finance and the Constitution taking the lead as the Minister with pensions' responsibility. The relationship that exists between the Scheme Advisory Board, Scottish Ministers and other governance bodies is set out in a *Governance Schematic*.

SPPA will provide general and technical pension policy advice to the tri-partite NHS, Teachers', Police and Firefighters' Scheme Advisory Boards and to the bi-partite Local Government Scheme Advisory Board.

10. Accountability

10.1 Scottish Ministers

Scottish Ministers are responsible to the Scottish Parliament for the functions assigned to SPPA.

Scottish Ministers will encourage Members of the Scottish Parliament to communicate with the Chief Executive on any matter delegated to SPPA in this Framework Document. Members of the Westminster Parliament are similarly encouraged to communicate directly with the Agency in appropriate circumstances. MPs and MSPs who are dissatisfied with a reply may raise the issue with the Scottish Ministers who will also ensure, by instructions to the Chief Executive, that any matter on which it is proper for them to reply in the first instance is referred to them without delay.

The Chief Executive will provide Scottish Ministers with any information necessary to answer Parliamentary questions or deal with any other Parliamentary business about matters delegated to SPPA.

The Pensions Regulator is the body that regulates occupational and personal pension schemes provided through employers. The Public Service Pensions Act 2013 (the 2013 Act) introduced a framework for the governance and administration of public service pension schemes and provided an extended regulatory oversight by the

Regulator. Scottish Ministers have delegated authority to SPPA to act as Scheme Manager for the public pension schemes administered in Scotland and named in this Framework Document. Acting as Scheme Manager, SPPA must ensure that in administering the schemes, on a day-to-day basis, that they comply with its statutory requirements and the codes of practice issued by the Regulator which has a range of enforcement powers. The exercise of the delegated authority by SPPA will be subject to review by the Pension Boards in fulfilling their role in assisting SPPA to comply with the scheme regulations and other legislation relating to the governance and administration of the scheme and any requirements imposed by the Regulator. Scottish Ministers may also identify and implement key performance standards that aim to ensure compliance with scheme and overarching legislation as well as the Regulator's code of practice.

10.2 Accountable Officer Arrangements

The Permanent Secretary of the SG is the Principal Accountable Officer for the Scottish Administration. He/she has designated the Director General: Organisational Development and Operations as the Portfolio Accountable Officer. In the SG Scheme of Delegation the Chief Executive of SPPA is the Agency Accountable Officer. The Chief Executive signs the accounts covering the administration costs of the SPPA and the accounts for the NHS and Teachers' Pension Schemes. He/she also provides such information and assurances as are necessary to enable the consolidated accounts of the SG to be signed.

The Chief Executive is responsible for the prudent and economical management of the Agency's resources, including proper stewardship of the Teachers', NHS, Police and Fire Pension Schemes, for the propriety and regularity of its expenditure and receipts and for ensuring that the Agency observes relevant guidance issued by the Scottish Ministers.

The Chief Executive and Director General: Organisational Development and Operations, in their Accountable Officer roles, are both liable to be summoned to appear before the Public Audit and Post Legislative Committee of the Scottish Parliament on the discharge of their responsibilities. It will be for Scottish Ministers to decide who should represent them at other Parliamentary Committee hearings. In practice where a Committee's interest is confined to the day to day operations of SPPA, Scottish Ministers will normally regard the Chief Executive, who will call on such specialist or technical support as he/she may require, as the person best placed to appear on their behalf.

10.3 Whistleblowing

SPPA's members of staff may highlight suspected wrongdoing under the Agency's Whistle-Blowing Procedure.

10.4 Complaints and Disputes

In the event of dissatisfaction with a decision made by SPPA, a member, dependant, pensioner or other person with an interest in the scheme, may bring a case for consideration under the Internal Dispute Resolution Procedures, which conforms to

section 50 of the Pensions Act 1995. Following this procedure, a case may be referred to the Pensions Advisory Service (TPAS) and the Pensions Ombudsman (PO), as described in 11.5 below.

A guide to the SPPA Internal Dispute Resolution Procedures is available on the SPPA website as follows [Internal Dispute Resolution Procedure](#).

If a complaint is received from a SPPA customer in relation to services provided in any SPPA business area, the Complaints Handling Procedure is followed. A guide is available to customers and staff on the actions to follow, which conforms to the Scottish Public Services Ombudsman's (SPSO) Complaints Handling Procedure.

A guide to the process is available on the SPPA website as follows [SPSO Complaints Handling Procedure](#).

10.5 Scottish Public Services Ombudsman

The Public Services Reform Act 2010 gave the SPSO the authority to lead the development of a simplified and standardised Complaints Handling Procedure. The PO was established in 1990 as an alternative to Court action and uses TPAS as an initial free advisory process to resolve the majority of its cases.

The SPPA may be subject to investigation by the SPSO and/or the PO who will deal directly with the Chief Executive in any cases where a complaint is made. The SPSO and the PO will agree which body will act as the lead organisation for any case referred to both bodies. SPSO is the final stage for handling complaints and the PO is the final stage for handling disputes. Both organisations would only normally look at a complaint after they have been through the SPPA's own internal complaints system. The SPSO Complaints Handling Procedures is available on the SPSO website at <https://www.spsso.org.uk/how-complain-about-public-service>. The PO will consider cases where pension legislation or scheme regulations are at the heart of the complaint.

11. Resource Planning and Management

11.1 Finance

The use of resources by SPPA is authorised by the Scottish Parliament in the annual Budget Act. Its level of resourcing allows for the Agency to carry out its business. SPPA may, within the terms of its income generation strategies, undertake services other than those specified, on a repayment basis. SPPA may set fees in accordance with the fees and charges guidance in the [Scottish Public Finance Manual](#).

11.2 Planning

The Agency's plans will encompass:

- the aims and strategic objectives of SPPA;
- the main tasks and priorities of SPPA;

- the resource implications for achieving these tasks and priorities;
- strategy for improving value for money and quality of service;
- strategy for dealing with external factors influencing the work of SPPA;
- contingency plans for reasonable unexpected tasks and for emergencies;
- forecasts of income and expenditure;
- proposals for additional financial and management flexibilities;
- annual performance and financial targets; and
- learning and development strategy.

Consistent with the timetable for public spending reviews the Chief Executive will submit, for approval by Scottish Ministers, a Strategic Plan covering 3 - 5 forward years or more depending on the Scottish Spending Review period. The Strategic Plan will present SPPA's proposed overall strategy and identify projected resource requirements over the relevant planning period. The Strategic Plan will include key targets, agreed by Scottish Ministers, which will form the main basis against which the Agency's performance will be judged.

Where policy or circumstances change significantly, Scottish Ministers or the Chief Executive may propose changes to targets and financial resources included in the Strategic Plan. Any material changes will be subject to approval by Scottish Ministers after consultation with the Chief Executive and will involve an agreed prior notification period.

The Agency will also prepare an annual Business Plan, consistent with the agreed Strategic Plan, including key targets and milestones for the year immediately ahead.

11.3 Annual Report and Accounts

The Chief Executive will prepare and sign an Annual Report and Accounts. The process for preparing and delivering the document is set out in the SG *Scottish Public Finance Manual* and the format of the accounts follows HM Treasury's annual *Government Financial Reporting Manual* publication.

The Annual Report will review SPPA's performance in the context of the Agency's business model, its strategic direction, the financial targets and performance measures set out in the latest strategic plan and the key risks which were managed during the year. The Accounts, covering the Agency's administration costs, will be prepared in accordance with a direction from the Scottish Ministers under *section 19(4) of the Public Finance and Accountability (Scotland) Act 2000*. The SG's Chief Financial Officer will sign the direction authority on behalf of Scottish Ministers.

The Chief Executive will arrange for the audited *Annual Report and Accounts* to be laid before the Scottish Parliament and published as soon as reasonably practicable following the end of each financial year and no later than the statutory deadline of 31 December. The Accounts must not be laid before they have been formally sent by the Auditor General to Scottish Ministers and must not be published before they have been laid before Parliament.

The Chief Executive shall also prepare and sign annual pension scheme statements for the NHS and Teachers' Schemes in accordance with directions from Scottish Ministers. The Chief Executive shall arrange for the audited statements to be laid before the Scottish Parliament and published. The administrative arrangements and regulatory requirements relating to the laying and publishing of the accounts covering the Agency's administration costs apply equally to the pension scheme statements. The Agency will operate financial and management accounting systems which enable management to review performance continually against budgets and targets.

The Chief Executive is responsible for maintaining a robust system of internal control that supports the achievement of the Agency's policies, aims and objectives and for regularly reviewing the effectiveness of that system. In the Agency's Annual Report and Accounts, the Chief Executive provides a Governance Statement as part of the Corporate Governance Report, including information on risk management and internal control arrangements.

11.4 Risk Management

The Chief Executive is responsible for implementing and monitoring risk management arrangements as part of a robust corporate governance framework. This requires the active monitoring and reporting of risks in conjunction with reviews by the Audit and Risk Committee, and the advice of internal and external audit.

11.5 Financial Delegations

The Agency operates delegated financial budgeting: financial authorities are set out in its *Scheme of Financial Delegation* document. The scheme outlines the authorisations delegated to the Chief Executive and their staff. The Chief Executive will review these limits regularly with a view to maximising delegations that will assist in achieving SPPA's agreed objectives and ensuring business flow. The Chief Executive will be responsible for ensuring that relevant financial procedures are followed and may delegate functions in writing in accordance with relevant guidance in the *Scottish Public Finance Manual*. Further delegations of write-off authority by the Chief Executive may include delegation to anybody contracted to make pensions or associated payments on behalf of SPPA, to avoid disproportionate administrative costs arising in dealing with write-offs of minor amounts.

11.6 External Audit

The SPPA Financial Statements and the NHS and Teachers' Pension Scheme Statements are subject to external audit by the Auditor General for Scotland or by auditors appointed by the Auditor General for Scotland.

11.7 Insurance and Contingent Liabilities

SPPA's risks, including public and employer liability, will be carried in line with the SG's policy on insurance. The Chief Executive will keep the SG's Chief Financial Officer informed of the level of any contingent liabilities, including where possible an assessment of their values. Where appropriate, the Chief Executive will report contingent liabilities to the Scottish Parliament, seeking prior approval where necessary in line with the Scottish Public Finance Manual.

11.8 Internal Audit

The Chief Executive, in consultation with the internal auditors and the Audit and Risk Committee, will ensure that a system of internal audit is provided in accordance with *Public Sector Internal Audit Standards*. Internal audit will have the right of access to the Agency and if necessary, after consultation with the Chief Executive, give independent assurance to the Director General: Organisational Development and Operations, in discharging their responsibilities.

12. Human Resources

12.1 Status of Staff and Conditions of Service

The Chief Executive and SPPA permanent staff are members of the Home Civil Service employed by Scottish Ministers and are employed on SG terms and conditions of service. Staff are covered by Civil Service pension arrangements unless an election is made to opt out.

The Chief Executive may consider it necessary for business reasons to review the terms and conditions of service of staff. Where proposals for change go beyond the scope of the Chief Executive's delegated authority, they will require the approval of Scottish Government's People Directorate. All such proposals will be subject to normal consultations, including consultations with staff and the Council of Scottish Government Unions.

12.2 Civil Service Code

All SPPA staff will comply with the Civil Service Code.

12.3 Human Resource Management

The Chief Executive is responsible for determining the number and grades of staff employed by SPPA and its management structure up to but not including the Senior Civil Service. The Chief Executive may only create posts in the Senior Civil Service subject to the express approval of the SG's People Directorate. The Chief Executive is ultimately responsible for the day-to-day management of all SPPA staff, and for the implementation of any staff release or severance arrangements appropriate for the Agency. Any such arrangements must comply with the section of the Scottish Public Finance Manual on Settlement, Severance, Early Retirement & Redundancy Terms.

SPPA aims to offer its staff career development opportunities and is committed to continuous learning. The Chief Executive is responsible for ensuring equal opportunities exist within the Agency. They also have a responsibility to ensure that the requisite level of HR management expertise is available locally and from SG. In addition, staff serving in SPPA can obtain advice on training and career opportunities within the Agency, the SG and the wider Civil Service.

All staff can transfer between SPPA and other parts of the SG as a consequence of career planning, progression and promotion, subject to the agreement of the Chief Executive and the People Directorate. In addition, the Chief Executive may recruit temporary staff and external candidates, directly, to fill selected posts excluding senior civil service posts. Appointments are made in accordance with the provisions of the Civil Service Commission's Recruitment Code and with due regard to the availability of staff elsewhere in SG. The Chief Executive will consider sympathetically and positively requests from staff to pursue their careers wholly or partly within SPPA, in line with the Agency's needs for developing specialist skills and experience.

12.4 Training and Development

The Chief Executive is responsible for the training and development of all staff and will implement and keep under review the training and staff development strategy of the Agency. The strategy will take account of SPPA's business priorities, as set out in its Strategic Plan. In implementing the strategy, annual training plans based on the individual development needs will be prepared.

12.5 Equality and Diversity

SPPA will adhere to SG's Equal Opportunities Policy to eliminate discrimination and unfair treatment on the grounds of irrelevant differences including sex, marital or civil partnership status, age, race, ethnic origin, sexual orientation, disability, religion or belief, working pattern, employment status, gender identity (transgender) caring responsibility or trade union membership. The Agency will act as an equal opportunities employer and aim to produce an organisational culture that is welcoming and supportive of all staff.

SPPA will also support the SG's commitment to increasing the diversity of staff and to develop them, ignoring irrelevant differences, valuing their different perspectives and skills and making use of these in the workplace.

12.6 Pay and Performance Incentives

The Chief Executive exercises the pay and allowance flexibilities available to the core SG and Agencies in relation to all SPPA staff.

12.7 Staff Relations

The Chief Executive will determine, after consultation with staff and the Council for Scottish Government Unions, what arrangements are necessary to foster good staff relations. SPPA is committed to enforcing the Scottish Government's Partnership Agreement with the Council of Scottish Government Unions which puts joint decision

making and reaching mutually acceptable arrangements which benefit staff and effective running of the Agency at its core.

12.8 Alternative Working Patterns

The Chief Executive is free to develop new working patterns for all SPPA staff, subject to business needs and consultation with trades unions under any national and/or local Partnership Agreement.

12.9 Health and Safety

The Chief Executive has responsibility for ensuring that arrangements for meeting current legislative and best practice standards for Health and Safety are operating effectively.

12.10 Welfare

The Agency will have access to arrangements made by the SG for staff welfare. The welfare of staff in terms of their physical working environment will be the responsibility of the Chief Executive.

13. Support Services

13.1 Use of Contractors

The Chief Executive may, after following appropriate procurement processes, appoint contractors to perform elements of the Agency's functions. Contracts that fall into the category of consultancy will be subject to the following approval limits:

- Up to £50,000: Chief Executive
- Above £50,000: Cabinet Secretary for Finance and Constitution based on the endorsement of the Chief Executive

Subject to the above conditions and to the requirement not to exceed the total budget, the Chief Executive may switch expenditure among a range of services and obtain them from whichever supplier offers best value for money. To the maximum extent possible, budgets for individual support services will reflect their full economic costs.

13.2 Other Scottish Government Support Services

The Agency is required to draw upon Support Services and advice from the SG in the following areas:

- Procurement
- Legal Advice
- IT and Digital Services
- Finance
- Internal Audit
- HR

Where the service provider is able, the service standards and (where appropriate) charging mechanisms and charging rates for each of these areas are to be jointly agreed with the Agency and any changes are subject to an agreed notice period. The Chief Executive will keep the provision of support services under review as part of ensuring best value in all aspects of the Agency's operations including the use of shared service arrangements where participation offers value for money for the Agency or to the wider public purse. The Agency will report annually on the steps taken during each financial year to improve efficiency, effectiveness and economy (including details of shared services activity), under the terms of the Public Services Reform (Scotland) Act 2010 and the associated guidance.

14. Administration of Framework Document

14.1 Amendment and Review

This Framework Document will be reviewed at regular intervals and kept aligned to the changes in stated supporting documentation, in the light of experience or changed circumstances. The Chief Executive may, at any time, propose amendments to any of the provisions in the Framework Document in the interests of the efficient and effective management of SPPA.

The Scottish Government's Director General: Organisational Development and Operations, or their nominee, will be consulted on any proposed material changes prior to submission to Scottish Ministers for approval. Where the proposed changes relate to staff terms and conditions of service they will also be the subject of consultations under the extant arrangements in operation at the time.

14.2 Publication

Copies of this Framework Document, and of any subsequent changes, will be placed in the library of the Scottish Parliament and published on the SPPA website.

14.3 Enquiries

All enquiries about this Framework Document should be addressed in the first instance to:

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