



The Scottish Teachers' Pension Board 2018-19 Annual Report

This report covers the work of the Scottish Teachers' Pension Board (the "Pension Board") from 1 April 2018 to 31 March 2019. This closing date matches the closing date of both the 2018-19 Annual Accounts of the Scottish Teachers' Superannuation Scheme 2015 (the "Scheme") and the 2018-19 Annual Report and Accounts of the Scottish Public Pensions Agency (the "SPPA"). The SPPA has been nominated by Scottish Ministers as the Scheme Manager of the Scheme.

It is important to begin by placing on record the Board's appreciation of the work of the Agency's staff, both in supporting the Board throughout the year and in their consistently professional and successful delivery of the administration of the Scheme itself, to the benefit of the membership.

1 The Pension Board Purpose

The Public Service Pensions Act 2013 required the establishment of a pension board for the Scheme with effect from 1 April 2015 with the responsibility for "assisting the Scheme Manager" in securing compliance with the regulations and other legislation relating to the governance and administration of the Scheme. The Scottish Teachers' Superannuation Scheme 2014 regulations reflect the Pension Board governance arrangements.

The Pension Board collectively, and members individually, are accountable to the 'Responsible Authority' and 'Scheme Manager' (ultimately Scottish Ministers) with the Cabinet Secretary for Finance, Economy and Fair Work acting as lead Minister for public sector pensions. SPPA assumes the day to day role of Responsible Authority and Scheme Manager as delegated by Scottish Ministers via the Agency Framework Document.

The Scotland Act 1998 (which established the Scottish Ministers) provides for statutory functions to be conferred on "the Scottish Ministers" collectively.

2 The Pension Board Role

The Pension Board's role is to assist the Scheme Manager in a range of issues associated with the administration of the Scheme. These can include:

Administrative:

- Considering quality, timeliness and accuracy of the administrative services provided to members
- Monitoring administrative processes and supporting continuous improvements
- Supporting employers and the SPPA in communicating effectively to Scheme members
- Ensuring members have access to a range of tools to improve their understanding of their pension benefits
- Ensuring Scheme data is managed to the highest standards
- Ensuring compliance with The Pensions Regulator's codes of practice and oversight of interaction between the Scheme Manager and The Pensions Regulator
- Requesting reports on specific topics from the Scheme Manager – as required

Financial:

- Consideration of the quadrennial Scheme valuations' process and progress

Strategic:

- Giving consideration to the future programme of service improvement at SPPA and its alignment with priorities identified by the Pension Board
- Consideration of lessons learned from customer complaints and Pension Ombudsman cases
- Fostering good working relationships with The Pensions Regulator and other service delivery partners
- Consideration of the annual report from The Pensions Regulator, including any responses to consultations
- Producing an annual report outlining the work of the Pension Board throughout the Scheme year

3 Board Meetings

During the 2018-19 scheme year, the Pension Board met on four occasions at the SPPA's Tweedbank office. The venue for future meetings was discussed during the Board's initial year of operation and again during the course of this year; the Board agreed that it was advantageous, whenever possible, to hold the meetings in the SPPA's Tweedbank office, due to the availability as needed of the SPPA's subject matter experts.

Details of the Pension Board members and of their attendance at meetings are set out below.

There have been no notifiable conflicts of interest recorded for Pension Board members.

4 Key Performance Indicator (KPI) Performance

The Pension Board has taken considerable interest in understanding each individual KPI of the SPPA in relation to the Scheme and scrutinised its performance. Despite a number of missed targets, the 2018-19 performance overall has been strong. A table of the KPI performance for the year can be found at Annex B.

5 Board business during the year

5.1 Annual Benefit Statements (ABS)

As a result of considerable work by SPPA staff and very close and positive working with their counterparts in employers, principally Scottish Local Authorities, there was an improved performance on the availability of ABS, with 98.26% of members having their statements available through our Member Self Service portal at the 31 August 2018 deadline. This was an improvement of 24.7% on the previous year's performance with an additional 13,859 more statements being issued by the deadline, and followed very close working over the previous year with the Regulator. All outstanding statements were delivered by 12 November 2018 allowing the Agency to report to The Pension Regulator that the 100% target had been met. The Board was very grateful for the hard work of all involved in achieving the 2018 result. It continues to monitor progress to achieving the target in 2019.

5.2 Risk

Each Pension Board meeting considered the scheme specific Risk Register which includes the 'key' risk areas. Each risk has a 'RAG' risk assessment of likelihood and impact of the short, medium and long-term threats and opportunities. Red font is used to indicate where changes have been made to the text and a movement arrow to show where a change has occurred from the last iteration. Commentary on the preparation of the Register was provided at Pension Board meetings by officials and Board members were invited to comment on the content of the Register.

Risk assessments are also considered quarterly by the SPPA's Risk Governance Group (RGG). A 'heat map' was used to consider the risk assessments in relation to one another. An 'assurance map' links Key Agency Outcomes to Key Risks and to levels of assurance from internal, external and independent third party sources. RGG members are invited to consider and identify new risks. There was a SPPA non-executive member in attendance at all meetings of the RGG in 2018-19 to observe that a robust process of risk identification and assessment was in operation. Minutes of all the RGG meetings held throughout the year were provided as part of the agenda papers to all members of the Pension Board.

5.3 Reconciliation of the Scheme's Guaranteed Minimum Pensions (GMP)

Following decisions by HM Government on the cessation of contracting out, all public sector pension schemes face a major challenge in reconciling data and ensuring records, and therefore pension entitlements, are accurate. The Agency has reported to the Board at every meeting on its work to meet this challenge for the Teachers' Schemes. The Agency reported that initial analysis had been carried out by an external contractor on the SPPA's GMP data for the scheme. Reconciling the GMP data of the scheme with the records held by the Department of Work and Pensions remained a major exercise for the SPPA. The original end date of December 2018 was extended by HMRC and had continued through to 2019.

The project team continues further data analysis of scheme records. The Pension Board has considered progress on this topic at each of its meetings and will continue to monitor progress as the amended deadline approaches.

5.4 Customer Service

Customer satisfaction is measured within a continuous survey issued to members of the Scheme who have interaction with the SPPA. Question 10 asks, "Please indicate how satisfied are you with the SPPA overall?". The total number of all participants who answered this question was 210, and the results are categorised below:

Completed Q10	Extremely satisfied	Quite satisfied	Not very satisfied	Extremely dissatisfied	Not Answered
210	81	57	35	37	51

Below is a table showing the actions that have been completed following feedback from the continuous survey.

Category	Feedback	Action Completed
	More explanation of terms	Frequently Asked Questions (FAQs) updated on the SPPA's website

Benefit Statements / Data	Timescales involved in the ABS exercise and the reasons behind these decisions <ul style="list-style-type: none"> • Issue date of Annual Benefit Statements (ABS) • Accuracy of member data 	<ul style="list-style-type: none"> • SPPA undertook an Annual Return campaign to assist employers and highlight timescales and obligations involved in this process. • A Readiness Document was posted on website for employers along with a checklist for employers, Employer Data Management Online Guide and a circular for Employers.
	Members not receiving an Annual Benefit Statement on time	SPPA clarified the timescales / process involved in producing the ABS within the FAQ's published on the website
My Pension	Ease of use / usability / Digital Platforms	An upgrade has now been delivered to SPPA's online services.
Website	SPPA Website not able to support different Digital Platforms / Mobile Ready	An upgrade has now been delivered to SPPA's online services.

5.5 Complaints and Internal Dispute Resolution

5.5.1 Complaints:

A total of 33 complaints were received during 2018-19. The tables below give further information

Total complaints completed 2018/19	Scheme members as at 31/03/18	Number of complaints per 10,000 members	Complaints dealt with outwith target	Total complaints completed 2017/18
33	173,570	1.90	3	32

Stage 1 outcome					Stage 2 outcome				
Agreed with member	Partly agreed	Disagreed with member	Total	% agreed with member	Agreed with member	Partly agreed	Disagreed with member	Total	% agreed with member
10	11	4	25	40%	1	6	1	8	13%

5.5.2 Disputes

The tables below demonstrate the number and breakdown of disputes handled from 1 May 2019.

IDRP outcome – medical cases	
Rejected	Upheld (in members favour)
1	17

IDRP outcome non-medical cases	
Rejected	Upheld (in members favour)
6	1

5.6 SPPA Administration and Technology Programme

The Board received reports at each meeting on the SPPA's Altair programme, its work to ensure its administration processes were appropriately enabled by technology. The Board recognised the necessary transformation in the way pension services were delivered was as much about organisational culture and behaviour as about technology, and offered its support to Agency management in taking the programme forward.

5.7 Cyber Security and General Data Protection Regulations (GDPR)

There were regular reports to the Board on the Agency's approach to cyber security and its implementation of the requirements of GDPR, including issues arising. The Board was not notified of any instances which involved compromise to Teachers' Schemes data.

6 Liaison with Scheme Advisory Board, with the Boards for other schemes administered by the SPPA and with the Teachers' Pension Boards for E&W and NI

Because the Scheme Advisory Board only met twice during the year, liaison was limited; minutes are shared once they become available. There is a regular meeting between the Chairs or Vice-Chairs of the Pension Boards for the four public sector schemes administered by SPPA with the Chief Executive of the Agency; this provides a forum for sharing information and good practice. The Board's Chair has had an informal meeting with the Chair of the England & Wales Teachers' Pension Board.

7 Liaison with SPPA / The Pensions Regulator

While the Pension Board had reported to the Regulator the Scheme's 2017 failure to meet the statutory target for issue of annual benefit statements to members, there was no need to report in 2018, but the Board received regular reports from the Agency on its contact with the Regulator. The Board's Chair attended two meetings of the Regulator's Public Sector Pension Schemes Consultative Group.

8 Board member training and CPD

Throughout 2018-19, the Pensions Board have been updated regarding the change to the General Data Protection Regulations, Risk Management and GMP. Individual Board members have been responsible for completing the Pension Regulator's Toolkit. Induction for new Board Members also took place during 2018-19. Unfortunately a planned training day organised by SPPA for Pension Board members within the Schemes it manages had to be cancelled, but the Board looks forward to training of this sort being delivered in the coming months. The Board will therefore continue to monitor training throughout 2019-20.

9 Member appraisal and Pension Board review of effectiveness

While an appraisal process for Pension Board members for the 2018-19 year is in process, it is clear that all Pension Board members have contributed to the effectiveness of the Pension Board. The Pension Board itself has kept its procedures under review and as the year ended was considering what changes, if any, might be beneficial.

10 Forward Look

The Pension Board expects its business in 2019-20 to continue much as in 2018-19, with a focus on performance against KPIs, improved customer liaison, GMP reconciliation and the IT improvements. It will maintain its links with the Scheme Advisory Board, in particular around the Scheme quadrennial valuation. The impact of the Customer Contact Centre, the further development of the pension administration system and the restructure of the Agency under the Target Operating Model will also be monitored during 2019-20

11 Pension Board Costs

The Pension Board has incurred £4,738.00 of fees and expenses over the course of the Scheme year

12 Board Membership and Attendance at Meetings

Name	10/05/2018	21/08/2018	27/11/2018	27/02/2019
	Attended	Attended	Attended	Attended
George Brechin - Chair	Y	Y	Y	Y
Raymond Martin - Vice Chair (from 20/8/18)	-	Y	Y	Y
Brian Cookson	Y	Y	Y	Y

John Crichton	N	Y	Y	Y
David McGinty	Y	N	Y	Y
Drew Morrice	Y	Y	N	Y
Leah Franchetti	Y	Y	Y	Y
Sharon McKenzie	Y	Y	Y	Y
Peter Smith	Y	Y	Y	Y
Kathy Cameron	Y	Y	Y	Y
Cllr Stuart Currie (left 24/10/18)	Y	-	-	-
Cllr Charles Buchan (started 1/2/19)	-	-	-	Y
Cllr David Illingworth	Y	Y	Y	-

Resignations during the period: Cllr Stuart Currie 24/10/2018

Approved by the Scottish Teacher's Pension Board

Key Performance Indicators

Annex A

2017-18

2018-19

SPPA KPI	Target	Volume	Actual %	Volume	Actual %
New Awards (Timeliness)	98%	3641	99.95%	3299	99.82%
New Payments Accuracy	95%	5897	98.09%	4491	96.82%
Death in Service	98%	47	100%	26	100%
Death in Pension/ Retirement	98%	1386	100%	1614	100%
Transfer Value In (quote)	100%	250	87.60% (87.60%)	289	88.52% (88.27%)
Transfer Value In (actual)	90%	321	95.02%	279	93.91%
Transfer Value Out (quote)	100%	117	88.47% (88.15%)	132	81.87% (87.73%)
Transfer Value Out (actual)	100%	131	86.98% (89.24%)	92	88.91% (100%)
Estimates	90%	1902	96.74%	1491	92.56%
Divorce CETV	100%	187	100%	176	100%
Divorce PSOD	100%	21	100%	11	100%
Refunds	97%	482	95.02%	568	97.89%
Complaints	98%	41	92.68%	32	84.38%
IDRP1 (completed)	100%	35	97.14%	46	100%
IDRP 2 (completed)	100%	9	100%	11	100%
Freedom of Information	100%	3	100%	0	
Data Protection Subject Access Request	100%	2	100%	4	100%
Contribution Collection YTD	96%	£649m	98.51%	£658m	97.74%
Overpayment Recovery YTD	150 days	899 invoices £625k value	115 days	741 invoices £634K value	112 days
Payroll/ Existing Pension (Changes)	98%	4903	99.10%	4813	99.31%
Annual Statements	100%	52598	70.93%	66320	88.50%
Annual allowance	100%	0	0%	62	100%

Note: The figures in brackets reflect what would have been achieved excluding third party delay

