

**MINUTES OF MEETING OF THE SPPA MANAGEMENT ADVISORY BOARD
MONDAY 22 July 2019**

Present:

Penelope Cooper (PC)	SPPA Chief Executive - Chair
Gordon Wales (GW)	Scottish Government, Chief Financial Officer (Fraser Figure)
Helen Mackenzie (HM)	Non-Executive Chair Audit and Risk Committee
Ian Forbes (IF)	Non-Executive Member
Liz Holmes (LH)	Non-Executive Member
Sheena Cowan (SC)	Non-Executive Member
Jane Malcolm(JM)	Non-Executive Member
Norman McNeil (NMcN)	Non-Executive Member
Mark Adderley (MA)	Non-Executive Member
Carole Johnstone (CJ)	SPPA Interim Head of Customer Services
Ian Waugh (IW)	SPPA Head of Finance
Sally Paterson (SP)	SPPA Acting Head of People Services
Philip Heywood (PH)	SPPA Interim Head of Business Evolution
Molly Wyllie	SPPA Governance - minutes

Apologies:

Lorimer Mackenzie	SPPA Acting Head of Policy
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1. Welcome and Introduction

- 1a. PC welcomed everyone to the meeting.
- 1b. Apologies had been received from Lorimer Mackenzie.
- 1c. No declarations of conflict of interest registered.

2. Any other business

No other business declared.

3a. Minutes from previous meeting

3.1 The minutes of the meeting held on 29 April 2019 were adopted by the board with the following amendment:

- paragraph 4, bullet point 4 to be amended to read ‘A new Scottish Government Internal Audit Manager has been appointed – Pamela Wilkinson’

3b. Outstanding Actions

Outstanding actions were reviewed. Action MAB1 of 29 April 2019 remains open. All other actions closed.

4. Audit and Risk Committee Report

HM provided a short summary of the highlights from the Audit and Risk Committee (ARC) held earlier on 22 July 2019. ARC members had reviewed the SPPA Annual Report and Accounts. A number of actions had come from Internal Audit's review of assurance and progress against the SPPA Workforce Planning and Culture Report, however, SPPA senior team were aware of these. It was agreed that the Workforce Planning and Culture Report would be added to Knowledge Hub.

AP1	SPPA to add the Internal Audit Workforce Planning and Culture Report to Knowledge Hub	As soon as possible
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Discussion was held regarding the Section 23 Report from the Auditor General. It was suggested that it may be necessary to hold an extra-ordinary meeting to discuss the report prior to this being brought before the Public Audit Post Legislative Committee. PC advised that Audit Scotland would meet with the Public Audit Post Legislative Scrutiny Committee in early September 2019 regarding the Section 23 Report related to the PS Pension Project. PC will also be asked to report to the Committee, but as yet, a date had not been set. The board will be kept advised of the outcomes.

Members of ARC had conducted a 'deep dive' into Cyber Security. The ARC Annual Report to the MAB had been approved.

IF advised that the Scottish Government (SG) Spending Review and also the UK Spending Review had been raised under horizon scanning.

5. Approval of Agency Annual Report and Accounts

PC thanked everyone involved in creating the Agency Annual Report and Accounts. The ARC had reviewed and approved the Report.

SC stated that the Report was well presented, and that it was an improvement on previous years. HM asked if there was an explanation of the down turn shown in the tables at page 8 of the report related to new pension awards. CJ agreed to check the trend and report back to the board.

AP2	SPPA to provide details to explain the trend shown in tables on page 8 of the Agency Annual Report, related to new pension awards at the point of authorisation	As soon as possible
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IF stated that there was a closer relationship with the Strategic Plan and suggested that progress against this should be monitored. PC agreed to provide an update against the Strategic Plan at the next board meeting.

AP3	SPPA to provide an update of progress against the Agency Strategic Plan at the next meeting	23 September 2019
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Board members commended and approved the Agency Annual Report and Accounts 2019.

6. Customer Service Report

6.1 The board reviewed the Customer Service report. HM asked what date the annual return errors, noted on page 4 of the report, would be cleared. CJ advised that the team were working with employers to resolve errors as soon as possible to meet the August deadline for provision of annual benefit statements. CJ also advised that returns for Practitioners in the NHS scheme were more complicated and required considerable manual scrutiny.

6.2 NMcN noted that other DB schemes had received legal advice that payment of trivial commutations should be temporarily suspend. This was due to uncertainties regarding the tax status of these payments if GMP Equalisation later changes the amount that should have been paid, which could potentially lead to tax penalties being applied to either/both of the employer and employee. Until HMRC clarifies the rules around GMP Equalisation, legal advice suggested it was prudent to suspend trivial commutation payments. SC informed the board that she had received similar legal advice for the other schemes that she works with. SC agreed to provide PC with a brief synopsis of the legal advice received, so that PC could take this up with the SPPA legal advisors and clarify whether any change in approach was necessary.

AP4	SC to provide SPPA with brief synopsis of legal advice received regarding suspension of trivial commutation and GMP Equalisation	As soon as possible
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6.3 CJ advised that a team of 7 staff from HMRC's Surge and Rapid Response team would be in the Agency from 29 July 2019 to assist with the current workload. PC explained that this was a SG pilot for 3 months. The Agency will prepare a report on the impact in relation to service level improvements, overtime reduction and process improvements resulting from the intervention. In addition, 5 students were also in place to assist with outstanding work queues.

6.4 LH asked for clarification of progress for Customer Services against the Target Operating Model (TOM). CJ advised that this was now in the implementation and transition phase. PC advised that the Head of Customer Service had been appointed and would start on 12 August. CJ, as Interim Head of Customer Service, would remain for a period of handover.

6.5 SP advised that a network of Change Agents was in place to support the transition of Customer Services to the new model.

7. Finance Report

IW advised that additional resource would be made available to the Finance team from the HMRC team and student placements. Recruitment was underway to replace the current B3 Scheme Accountant, who was retiring in the autumn.

Future year budget pressures included staff resource for the Guaranteed Minimum Pension project, re-grading of posts following the completion of the TOM and also the possible impact on the Agency of the Sargeant/McCloud Court of Appeal decision.

Further work was required to develop new and more relevant KPIs linked to the Agency's Strategic Plan. Work to replace the current benchmarking company with more targeted benchmarking was underway and a meeting had taken place with Cabinet Office and Department for Education, to take this forward.

Work was also underway related to review the Agency's strategies. LH asked if the board had a role in this area. PC agreed that a report would be provided for the board, and advice would be sought in relation to Board Members' specific expertise.

AP4	SPPA to provide a report to the board related to the progress of the review of Agency strategies	23 September 2019
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8. People Services Report

JM asked if senior manager posts had been filled. SP advised that offers of employment had been made to the Head of Customer Services, Head of Business Affairs, Communications Manager and Governance Manager. SP added that the Head of Business Evolution and Head of Chief Executive Office posts had not been filled. The advert for these two vacancies would be amended to ensure they attract the best candidates and would be re-advertised.

MA asked if appeals from staff had been resolved. SP confirmed that appeals had been upheld and feedback provided for staff. HM asked if a diagram of the progression of TOM across the Agency could be provided. IF asked if information could be provided related to culture and engagement for the next meeting.

AP5	SPPA to provide diagram of progression of TOM across the Agency to the board	As soon as possible
AP6	SPPA to provide information to the board related to culture and engagement for the next meeting	23 September 2019

PC advised that a new initiative 'Trickle' had been trialled in the office. This allows staff to post ideas and suggestions, which are then discussed and, if required, allocated to a member of staff to take forward.

SP advised that two members of staff had visited the Solicitors Regulation Authority in Birmingham to see how complaints and customer service is handled. This was a successful meeting with some good lessons learned that can be implemented here. Mentoring for Managers and Leaders training would be made available for managers across the Agency.

Investors in People review would take place later this year. The Agency is looking to retain its Gold status.

PC advised that following a meeting with Carers Scotland a meeting had been held of Agency staff who had caring responsibilities to begin creating a supportive network.

9. Business Evolution Report

PH advised that a timeline had been agreed for Business Evolution structure and recruitment, along with job roles and titles. Planning was underway for phase 2 of the website project. A draft feasibility paper had been produced ahead of the work required to procure a new pensions administration platform and support contract. The interim Altair Health Check Review had taken place on 2/3 May 2019. Following the review, 7 of the original 15 actions were closed. The remaining actions would focus on the 2024 procurement exercise. The Health Check presentation would be shared with members of the Advisory Board.

AP7	SPPA to share the Interim Altair Health Check Review Report with the board	As soon as possible
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PH advised that Payroll migration was at amber status, with no schedule or resource contingency. There was a 2 week window to undertake NHS and Teacher parallel runs. If this was missed, the next opportunity would be August 2020. PH advised that the key decision point would be in September 2019 and the contingency would be to remain on the current system. The Board were unanimous in agreeing that the implementation is a key priority for the Agency, and if additional resource is required it should be brought in. GW proposed an arrangement to utilise some of the SG system support contract in place for Finance, and agreed to share contact details with PH. Following discussion it was agreed that the Board would be kept updated of progress.

AP8	GW to share contact information regarding SG support for to PH	As soon as possible
AP9	SPPA to update the board on progress of the Payroll Migration	When information is available

PH also advised that a pilot for Member Self Service for Police and Firefighters would be live today, 22 July 2019.

10. Policy Report

PC advised that impact on the Agency of the Court of Appeal case (Sargeant and McCloud) was, as yet, unknown. Work would be undertaken to review the options available on how to address the remedy(s).

PC advised that the Policy team were receiving letters from NHS members concerned with the impact and implications of Annual Allowance (AA) and Life Time Allowance (LTA) on tax and continued scheme membership. The team have issued a circular to employers to help brief members on this issue. Ministers are being kept informed.

11. Annual Management Advisory Board Self-Assessment

PC advised that the report presented responses from board members. The actions from the self-assessment would be reviewed and followed up by the new

Governance Manager. Following discussion, it was agreed that, in the main, the report showed positive results. It was suggested that actions have a resolution date and a rolling year of actions be provided at board meetings.

AP10	SPPA to provide resolution dates for actions and a rolling year list of actions for board meetings	Next meeting 23 September 2019
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12. Date of next meeting

The next meeting is scheduled for Monday 23 September 2019 at 14.00 hrs.

No other business was raised. PC thanked everyone for their attendance and closed the meeting.