

Police Pension Board Annual Return 2017-2018

Police Pension Board 2017-18 Annual Report

This report covers the work of the Scottish Police Pension Board (the “Pension Board”) from April 2017 to end March 2018. The SPPA has been nominated by Scottish Ministers as the Scheme Manager of the Scheme.

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 Pension Board collectively, and members individually, are accountable to the ‘Responsible Authority’ and ‘Scheme Manager’ (ultimately Scottish Ministers) with the Cabinet Secretary for Finance and the Constitution 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

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 regarding 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 recommendations
- Producing an annual report outlining the work of the Pension Board throughout the Scheme

year

3. Board Meetings

During the 2017-18 scheme year, the Pension Board met on three occasions at the SPPA office in Tweedbank. One meeting was cancelled due to the weather.

Details of the Pension Board membership and attendance record at meetings are set out in Annex A.

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

4. Key Performance Indicator (KPI) Performance

The Service Level Agreement has been developed by SPPA and the Scottish Police Authority and is reviewed quarterly. A review of KPIs has been undertaken by SPPA to ensure compliance with the statutory requirements.

5. Board business during the year

5.1 Risk

During the year, work had been undertaken by the Risk Governance Group to standardise and streamline registers across schemes. This had included putting customers at the heart of what the Agency does. The scheme risk registers are used as a management tool and feed into the Corporate register. PS Pensions Project was no longer on the register. Work had been done to review the risks around continuing with the current pension administration system provider. The Risk Governance Group would review the latest Scottish Government publication about managing risk to ensure SPPA are compliant. This work has been reported to the Police Board.

5.2 IT Procurement

In February 2018, the PS Pensions Project was prematurely terminated after major concerns were raised around delivery quality and the diminishing prospect of meeting the go-live date of October 2018. Legal discussions continue with the contractor over cause.

Meanwhile, the Agency has made considerable progress in developing an alternative means of achieving the benefits expected of the PS Pensions, working with the key incumbent supplier. These arrangements will fully safeguard all pensions administration and payroll services until 2024. Members of the Police Board have been kept apprised of the developments around this issue over the last year.

5.3 Reconciliation of the Scheme's GMPs

Following decisions by HM Government on the cessation of contracting out, initial analysis has 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 is a major exercise for the SPPA and needs to be completed by the end of 2018.

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 deadline approaches.

5.4 Police Pension Calculator

Through joint working under the auspices of a short life sub-group of the Pension Board, the Communications sub-group, the Police Pensions Calculator was relaunched in April 2017. The update in use of the calculator has been notable in terms of success.

5.5 Customer Service

All customer survey feedback received from respondents is analysed on a monthly basis, and areas for improvement are identified. An action log details:

- feedback received
- recommended remedial action
- updates progress made

The following actions have been completed during 2017/18:

| Category | Feedback | Action Completed |
|---------------------------|---|---|
| Benefit Statements / Data | More explanation of terms | Frequently Asked Questions (FAQs) updated on the SPPA's website |
| | 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, EDM Online Guide and a circular for Employers. • Staff have been reminded to check members' details are correct when correspondence is received. |
| | 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. |

5.6 Complaints and Internal Dispute Resolution

The Pension Board has been keen to understand both the level of complaints received over the scheme year and the reasons for them. The table below shows the number of formal complaints received over the scheme year. In line with the Scottish Public Service Ombudsman's best practice, complaints are largely dealt with by frontline staff, however, through SPPA's complaints procedure 15 complaints were received, in terms of context, this amounts to 4.44 per 10,000 members.

| Scheme | Total complaints completed 2017/18 | % of total complaints | No of scheme members* | Number of complaints per 10,000 members | Outwith KPI | Total complaints completed 2016/17 |
|--------|------------------------------------|-----------------------|-----------------------|---|-------------|------------------------------------|
| Police | 15 | 16% | 33769 | 4.44 | 0 | 49 |

Complaints were generally about the customer service experienced from the SPPA and broadly were categorised as follows:

| Scheme | Error | Other | Over-payment | Policy | Response Time | Standard of Service | Total |
|--------|-------|-------|--------------|--------|---------------|---------------------|-------|
| Police | 1 | 2 | 1 | 0 | 4 | 7 | 15 |

In the case of complaints the agreed outcomes are:

- not upheld – complaint is not justified (Disagreed with member)
- partly upheld – there is some justification to the complaint (Partly agreed with member)
- upheld – complaint is justified (Agreed with member)

| Scheme | Stage 1 outcome | | | | Stage 2 outcome | | | |
|--------|--------------------|---------------------------|-----------------------|----------------------|--------------------|---------------------------|-----------------------|----------------------|
| | Agreed with member | Partly agreed with member | Disagreed with member | % agreed with member | Agreed with member | Partly agreed with member | Disagreed with member | % agreed with member |
| Police | 4 | 3 | 6 | 31% | 0 | 0 | 2 | 0% |

5.7 Internal Disputes Resolution Process

Disputes differ from complaints in that they focus on how scheme regulations have been applied. The scheme's Internal Dispute Resolution Process (IDRP) complies with pension legislation and Citizen's Charter guidelines. The table below details the total number of IDRP disputes received:

| Scheme | IDRP1s completed 2017/18 | % of total IDRP1s | Outwith target | Total No of scheme members* | Number of IDRPs per 10,000 members | IDRP1s completed 2016/17 |
|--------|--------------------------|-------------------|----------------|-----------------------------|------------------------------------|--------------------------|
| Police | 8 | 10% | 0 | 33769 | 2.37 | 22 |

The table below details the outcomes of the IDRP1s completed. The agreed outcomes for IDRP1s are:

- upheld – SPPA's original decision is upheld (disagreed with member)
- overturned – SPPA's original decision is overturned (agreed with member)
-

| Scheme | IDRP1 outcome | | % of original decisions overturned |
|--------|-----------------------|--------------------|------------------------------------|
| | Disagreed with member | Agreed with member | |
| Police | 8 | 0 | 0% |

The table below details the total number of IDRP2s received and the outcomes:

| | IDRP2 outcome | | % of original decisions overturned |
|---------------|---------------|-----------|------------------------------------|
| | Upheld | Overtured | |
| Police | 5 | 3 | 38% |

5.8 Scottish Public Sector Governance Review

In 2014, the Scottish Government committed to review the effectiveness of the operation of the Pension Board and Scheme Advisory Boards. That review was commissioned, from an external consultant (KPMG), in late 2016 and reported to SPPA in January 2017. Recommendations were discussed with Pension Board Chairs and Vice Chairs in October 2017 and an action plan approved by the SPPA Management Advisory Board.

6. Liaison with SPPA / the Pensions Regulator

The Pensions Board has not had a significant interaction with the Pensions Regulator. However, during 2017 the Board did report to the Regulator the scheme's failure to meet the statutory target for issue of annual benefit statements to members. The Regulator continued to engage with SPPA about the steps being taken to improve performance. All statements were issued by 31 December 2017 as agreed with the Regulator.

7. Board member training and CPD

Throughout 2017-18, the Board have been updated regarding the change to the General Data Protection Regulations, Risk Management and GMP. Board members have been responsible for completing the Pension Regulator's Toolkit. Induction for new board members will take place in 2018-19.

8. Member appraisal and Pension Board review of effectiveness

Board member appraisals for this period were completed and used a Scottish Government recommended template. Areas for attention were highlighted to members by the Board Chair, and any stated training needs were noted.

9. Forward Look

For 2018-19 and beyond, the Pension Board's focus will continue to be on scheme administration, governance and member communications. With particular interest in the progress of the GMP exercise, the introduction and impact of the Customer Contact Centre and the further development of the pension administration system.

10. Pension Board Costs

The Pension Board has incurred the following expenditure over the course of the Scheme year:
Fees and expenses total expenditure: £ 6116.66 net.

Approved by the Scottish Police Pension Board:

Catherine Skinner, Pension Board Vice Chair

Board Membership and Attendance at Meetings 2017-18

| Name | Date | | | |
|--------------------|---------|---------|---------|------------------------|
| | 24/5/17 | 16/8/17 | 6/12/17 | 28/2/18 - cancelled |
| Charles Winstanley | Y | Y | Y | - |
| Catherine Skinner | Y | Y | Y | - |
| Douglas Keil | Y | Y | - | - |
| Andrew Barker | Y | - | Y | - |
| David Hamilton | Y | - | Y | - |
| Judith Mackinnon | Y | - | - | - |
| Sharon Dalli | Y | Y | Y | - |
| Helen Coleman | y | y | y | - |
| Eric Leggat | - | Y | y | - |

Resignations: Judith Mackinnon
 Helen Coleman
 Eric Leggat
 Douglas Keil