



Scottish Public
Pensions Agency
Buidheann Peinneanan
Poblach na h-Alba

SPPA STRATEGIC PLAN

2019-24





Foreword by the Chief Executive

The principle focus of this Strategic Plan is to set out what is required over the next five years to achieve the vision for the organisation. The Agency vision is:

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

This Strategic Plan sets out the Scottish Public Pensions Agency’s strategic direction for the years 2019-24. This is the 5-year medium term horizon to achieve the Agency’s vision. It is a rolling plan allowing us to anticipate and react to changes in the operating and external environments. The Agency continues to embrace change to meet the increasingly complex area of public service delivery in a digital age.

The key drivers for change in this period are the need to:

- respond to changing customer requirements
- increase efficiency and deliver best value for tax payers
- position the Agency to increase the number of members serviced

The SPPA will respond to the opportunities these change drivers represent by delivering strategic aims that focus on:

- Customer first
- Operational excellence
- Developing our people

Supporting these strategic aims requires a major restructuring of the Agency and the development of the infrastructure to support its digital delivery ambitions, and the strategic plan reflects this.

A handwritten signature in black ink, appearing to read 'P. Cooper'.

Penelope Cooper
Chief Executive Officer

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1 Review of the 2018-19 delivery

1.1 The initial strategic plan was established in 2018. It was reviewed in September 2018 and this is the third iteration of the plan following a review and update by the Senior Leadership Team in cooperation with the Management Advisory Board . The initial version laid out the three stages of transition, with 2018-19 as the year of Foundation and Transition.

1.2 There were various operational delays that prevented the Agency from completing this first phase within the original time frame. These included the changes to the system development project and the need to implement the target Operating Model in a phased way. Therefore 2019-20 continues the plan to establish the Foundation and Transition phase.

1.3 Despite the overall delay there was good progress on many aspects of the 2018-19 plan and its 4 strategic aims:

The Agency made the following progress against the 4 Strategic Aims in 2018-19 :

1.3.1 Customer First

- Customer panels and customer personas developed
- Service levels redefined
- Progress made on renewing the website and member self-service provision

1.3.2 Service Delivery

- End to end process times established for all processes
- Customer Contact Team implemented
- Scottish Government Cyber Catalyst status with assurances on cyber security achieved

1.3.3 Operational Excellence

- Continuous process improvement mechanisms and structures established
- Prototype demand planning tool in use
- Key Performance Indicators reviewed
- Efficiency measures incorporated into the administration system (Altair) improvement programme
- Implementation of single stage Independent Review of Complaints Procedure

1.3.4 Developing & Empowering our People

- Finance and Policy Departments reviewed and restructured in line with the target operating model
- Principles of Customer Services qualification achieved by 35 Customer Service colleagues
- Change management training delivered to all colleagues
- Qualified Change Agents established within the Agency.
- Customer service training for all customer-facing employees delivered

The Strategic Aims have been reviewed as part of the Strategic Planning cycle and this plan reflects the revised aims. Any actions not completed as part of 2018-19 have been reviewed for inclusion in the on-going plan.

2 Approach to Strategic Planning

2.1 Strategic objectives are set for the Agency by the Strategic Leadership Team (SLT) following an annual joint review with the Management Advisory Board of the strategic landscape using the PESTLE and SWOT tools, and scenario planning. The resulting objectives inform the strategies for each delivery area, and combine to create the overall strategic plan.

2.2 The Strategic Plan is reviewed every 6 months (alongside the risk register and other corporate documents) to ensure it continues to meet the organisation's strategic objectives or if there are any significant changes that require re-planning in order to keep Agency plans on track.

2.3 The background information to this document is also dynamic and subject to change and consequent review on a regular basis.

2.4 This plan is approved and signed off by the Chief Executive once it has been ratified by the Strategic Leadership Team and Agency Management Advisory Board.

3 Scottish Government Strategic Outcomes

3.1 As an executive agency of the Scottish Government the SPPA's strategic aims support the proposals in Scotland's Economic Strategy 2015 to develop a 'One Scotland' approach based on four priorities: investing, innovation, inclusive growth and internationalisation.

3.2 Scottish Government's 2020 Vision requires us to be more open, capable and responsive. SPPA supports this vision through our plan and change programme.

3.3 In June 2018 the Scottish Government launched its new National Performance Framework, which comprises 11 key indicators as set out below. The Agency will ensure that the framework is at the heart of everything we do and that the national outcomes are embedded and explicitly mapped in our strategy and business plans.



Scotland's National Performance Framework

4 Wider Context: Strategic Risks and Opportunities

4.1 This Strategic Plan is set within the context of an increasingly complex pension landscape and evolving policy setting both through Holyrood and Westminster. This change and complexity is coupled with an ever-growing focus on pension provision from members and employers alike within an environment of increasing public sector budgetary pressure. This provides an extremely challenging environment for delivering the business. Over the next 3-5 years, these challenges are likely to intensify. The operational requirement to respond to potential policy changes represents a risk to the Agency's ability to deliver its strategic aims.

4.2 The state pension age is increasing every few months, reaching age 66 by 2020. This age then climbs in a series of steps beyond age 67 in 2026 and then 68 in 2037 and beyond. These changes are likely to have a significant effect on the retirement behaviour of active public sector pension scheme members and the prospect of further increases in retirement age as a result of the review by Sir John Cridland in July 2017 will, most likely,

also have a demonstrable effect. This changing customer behaviour could lead to changing demand and impact on the delivery timeframe of the Strategic Plan.

4.3 It is anticipated that operational caseloads will increase due to increases in life expectancy and benefit complexity. Career average calculations of future pension entitlement and hence liabilities, as a result of public sector pension reforms, demand ever more accurate and complete member records over active members' working lives. The number of sections within each occupational pension scheme as a result of previous changes in scheme regulations and various protections in place adds increasing complexity to calculations. If this complexity can not be supported by automated calculations the resulting requirement for increased personnel will seriously impact the Agency's ability to meet its strategic aims.

4.4 Customer expectations are evolving in response to new technology. Understanding these changes and how to meet them cost effectively is an important challenge for the Agency. However, this strategic plan recognises the opportunities this evolution also represents, and the Agency is positioning itself to exploit these.

4.5 The outcome of several court cases and the Scheme quadrennial valuation reports are expected to have an impact on the administration of the schemes. However, this impact is difficult to quantify in advance, and will be monitored closely and appropriate timely action taken. A significant operational impact presents a serious risk and will delay the delivery of the strategic aims.

4.6 The overall baseline funding position to support the administration of the schemes has not been fully resolved due to the absence of a comprehensive spending review process over recent years. The UK Chancellor has promised to deliver a Spending Review in 2019 and this will help to inform the Scottish Funding Settlement provided through the Barnett formula over the medium term. The key dependency for the timing of the UK Spending Review is the conclusion of the negotiations between the UK and the EU on the Withdrawal Agreement. It is likely that the Cabinet Secretary for Finance, Economy and Fair Work will carry out a Scottish Spending Review thereafter. In this context, SPPA will look to obtain a future funding settlement that fully reflects SPPA's roles and responsibilities as the *de facto* scheme manager. Failure to do so will present a risk to the Agency's ability to deliver on this plan.

4.7 The restructuring of the Agency will create new roles and opportunities for colleagues. Some of these roles may not be filled internally and will require external recruitment. This represents an opportunity to bring new talent and ideas into the Agency. However, the current high employment levels in Scotland and the Borders location may present a risk to acquiring the appropriate talent.

4.8 The demographic of the existing pension schemes services is likely to remain stable, or have a slow increase. Scottish Government's has a policy of no compulsory redundancy, and SPPA employee net voluntary turnover is low. This context puts the delivery of the Agency's vision of 'delivering best value to tax payers in Scotland' at risk since a key measure of the efficiency of the SPPA, and therefore best value is the number of members serviced by the each full time equivalent employee. The Agency will address this risk over the strategic period by identify and actively tendering for the administration of additional final salary pension schemes.

5 SPPA Purpose and Core Business

5.1 Purpose. The Scottish Public Pensions Agency (SPPA) is a national centre of expertise for the administration of, and provision of policy advice on, public service pensions in Scotland. SPPA administers the pension schemes of members involved in front-line delivery of high profile key government services - currently NHS, Teachers, Police, Fire and a range of smaller schemes.

Through its [Framework Document](#) and in order to satisfy its purpose, the Agency carries out two key roles.

- Administration of Public Service Pensions, Premature Retirement Compensation and Injury Benefit Schemes on behalf of Scottish Ministers where delegated by Scottish Ministers.
- Provision of a policy support function to Scottish Ministers. This includes preparing regulations governing these and other schemes for which the Scottish Ministers have regulatory responsibility.

The Framework document is maintained by the Head of Business Affairs and updated periodically in agreement with the Minister to ensure continued alignment with this Strategic Plan and with the Annual Business Plan.

5.2 Performance

The Agency delivers consistently well against Service Level Agreements (SLAs) in place with each Pension Scheme. These measures and other Key Performance Indicators are regularly reviewed for relevance and to ensure increased performance over time. The Agency provides a service to over 500,000 scheme members and beneficiaries. The value of payments to beneficiaries is circa £2.9 billion per annum. The majority of our annual resources will thus be allocated to ensure that we continue to provide and improve our routine business, and deliver value for money to Scottish tax payers.

Details of Scheme membership at 31/3/18

	NHS	Teachers	Police	Fire
Active	174,244	73,516	15,527	5,718
Deferred	61,539	19,855	1,280	1,008
Pensioners	101,450	79,681	17,096	5,626
Total Members	337,233	173,052	33,903	12,352

The total number of members from all schemes was 556,540. The total number of employees at 31/3/2018 was 284.7, giving an efficiency value of 1,955 members per FTE.

Details of Scheme membership at 31/03/2019

	NHS	Teachers	Police	Fire
Active	175,757	74,497	15,294	5,946
Deferred	63,739	20,583	1,227	1,123
Pensioners	106,142	81,521	17,483	5,794
Total Members	345,638	176,601	34,004	12,863

The total number of members from all schemes was 569,106. The total number of employees at 31/3/2019 was 285.0, giving an efficiency value of 1,997 members per FTE.

This small increase in efficiency reflects the start of the work to improve processes. The establishment of the Target Operating Model may reduce this initially as it reflects future requirements and fills historical gaps in key delivery areas, e.g. Risk Management and Planning. The system and process improvement work also have a lag time before delivering the expected efficiency improvements.

5.3 Digital and Technical – Building the SPPA Digital Future

A key agency focus is ensuring customer satisfaction improves as a result of optimising our current capabilities and introducing new services in response to customer needs and requirements. These services will be focused on:

- Improving our existing back-office administration systems and processes, such that we improve our data quality, staff productivity & system resilience.
- Enhancing the customer contact points, such as telephony, self-service portals, and website etc. and introducing new features driven by the needs of the customer.
- Introducing automated, intelligent and timely Management Information / Business Intelligence so we can understand and proactively react to data trends and analysis.

This will be delivered via the creation of a Business Evolution Team which will manage a portfolio of digital improvement initiatives that are continually reviewed, tested, moved forward or abandoned. This team will also identify new scheme administration opportunities and bring these into the SPPA.

In order to achieve this ambition the Agency recognises that digital maturity within the organisation requires improvement and as such we will be looking to acquire or develop the requisite skills and knowledge. This will run alongside ensuring our vendors are fully aligned with SPPA strategy and ambitions.

The Agency fully expects to see customer satisfaction improve as a result of system and process transformation. Customer focused service improvement will drive this, enabled by the step-change in systems usage that will result from adopting this course of actions. The planned service improvements will be designed with customers in mind and measured against an agreed set of acceptance criteria covering cost and quality of delivery.

Although the detailed architecture required for the digital future of the Agency is currently being refined, the table below provides an example of how digital and wider technology trends could help the agency achieve its ambitions in context of both emerging trends and improving our existing capabilities.

Emerging trends	SPPA Context
<p>Autonomous Things Automation of functions previously carried out by humans</p>	<ul style="list-style-type: none"> • Augmented Call Centres • Call listeners & Call Routing • Bots • Deliver better information to operatives • Bots answering routine questions • Operatives become the problem solvers
<p>Machine Learning Services Analysing data to automatically improve systems and functions</p>	<ul style="list-style-type: none"> • Forecasting services • Serverless & auto-scaling computing – e.g. AWS Lamda & Cloud. • Fraud detection & security
<p>Augmented Analytics Using machine learning (ML) to develop, consume and share data automatically</p>	<ul style="list-style-type: none"> • Self serve & predictive • Consistent and timely • Enables business users to find, visualise and provide commentary without the need for programming.
<p>Immersive Experiences Conversational platforms Personalisation</p>	<ul style="list-style-type: none"> • Customer personalisation of digital content delivery and interactions

Existing capability	Making more digital
<p>Self-Service Portals & SPPA Website</p>	<ul style="list-style-type: none"> • Members & Employers Portals, enhance functionality • Increase take-up, make it easier • Embed self service within mobile offerings • Online calculators • Embed self-service deeper within the SPPA website • Social media as an additional support channel
<p>Paper</p>	<ul style="list-style-type: none"> • Move to paperless • Dynamic PDF's • Online forms • Digital Identify verification • Document Portals
<p>Content & Documents</p>	<ul style="list-style-type: none"> • Optimising all digital content – making it easier to read and understand and to apply the agency style and tone of voice. • Agency wide document management, versioning • Content governance introduced to ensure ongoing reviews and maintenance of standards.
<p>Collaboration platforms</p>	<ul style="list-style-type: none"> • Document sharing and collaboration, internally and externally • Supporting paperless • Removing manual workflow driven processes

6 Agency Finance

6.1 The Agency prepares a balanced financial position annually and requires funding for running costs and capital investment from Scottish Government to achieve the objectives and tasks set out in the Agency Business Plan.

6.2 Detail of the SPPA 5 year budget is available here (dynamic link to the budget will be added once it has been approved).

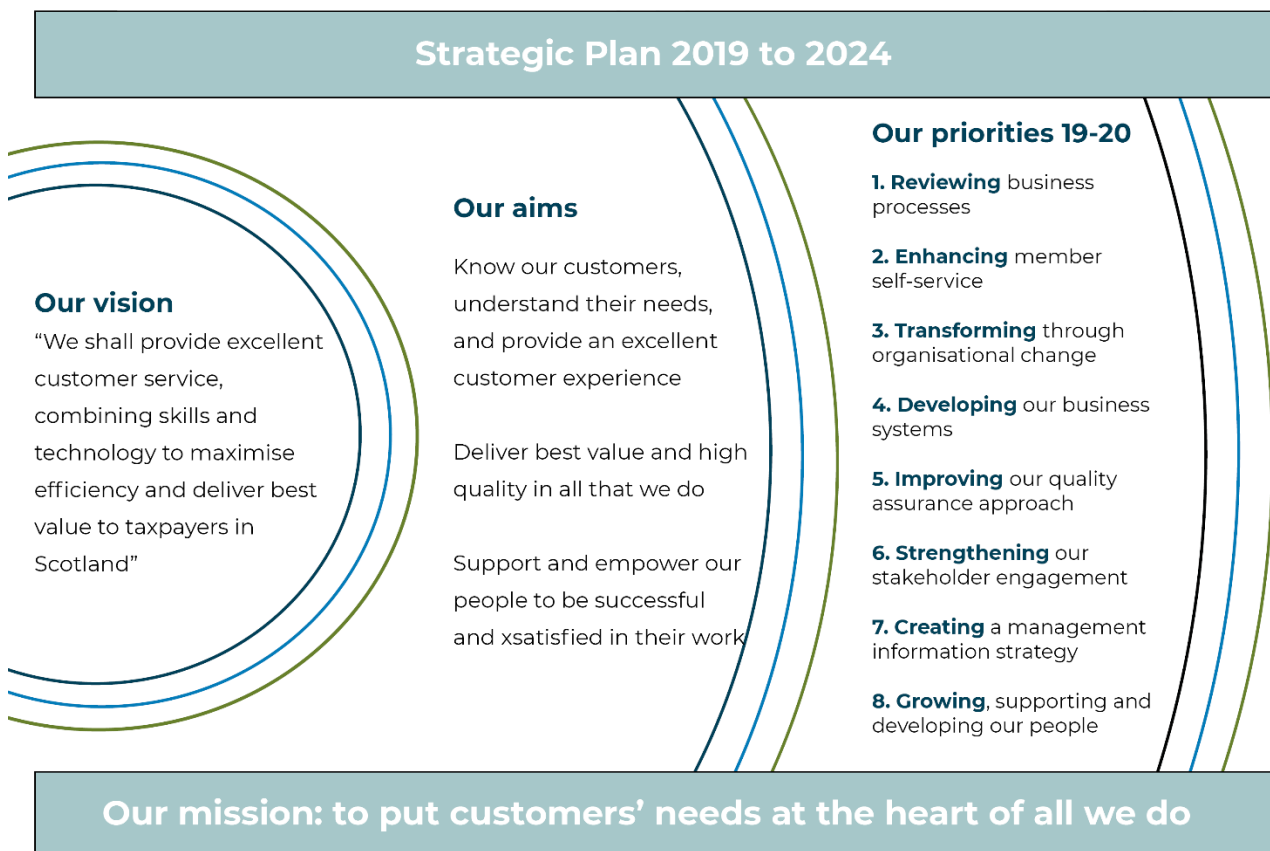
7 Strategic Aims

7.1 SPPA's mission is '**to put customers' needs at the heart of all we do**'.

With this as a key driver, SPPA's strategic aims are:

- **Customer first** – know our customers, understand their needs and provide excellent customer experience
- **Operational excellence** – deliver best value and high quality in all that we do
- **Developing our people** – support and empower our people to be successful and satisfied in their work

All areas of the Agency will work collaboratively to achieve these aims.



7.2 The initial three phases in the delivery of these strategic aims are as follows:

Year 1 – 2019/20 – Foundation & Transition

Year 2 – 2020/21 – Customer First and Efficiency

Years 3 – 5 2021-24 – Continued Transformation and Excellence

8 Annual Plan

8.1 The Agency Annual plan is developed in line with the Strategic Plan and sets the baseline for the delivery of the Strategic Objectives.

8.2 The 2019/20 plan continues the Foundation & Transition begun in 2018/19. The detailed plan supports the following 8 objective statements, which align with our 3 aims and with the relevant National Performance Framework (NPF) Indicators.

- Complete a process audit and prioritisation exercise for all agency processes (Customer First, Operational Excellence, NPF Economy)
- Complete delivery of member self-service enhancements as per agreed schedule (Customer First, Operational Excellence; NPF Economy)
- Complete delivery of the Target Operating Model Project and develop the workforce plan (Customer First, Operational Excellence, Developing our People, NPF Fair Work and Business, Economy)
- Improve administration and payroll system efficiency and reliability by delivering the payroll integration project (Operational Excellence; NPF Economy, International)
- Update the Quality Assurance Strategy to ensure a risk-based quality assurance approach and pilot its implementation for prioritised activities (Operational Excellence; NPF Economy, International)
- Develop a stakeholder engagement and feedback strategy to ensure that internal and external stakeholder feedback is embedded in all relevant processes (Customer First, Operational Excellence, NPF Economy, International)
- Draft a management information strategy to deliver timely and appropriate information that meets all stakeholder needs (Customer First, Operational Excellence; NPF Economy)
- Attract, develop and retain talented staff in key areas of specialism with targeted investment in professional development and relevant qualifications (Developing our People; NPF Education, Economy)