



Scottish Public  
Pensions Agency  
Buidheann Peinneanan  
Poblach na h-Alba

## **Pension Board Annual Report 2019-20**

### **Scottish Police Pension Scheme**

25<sup>th</sup> November 2020



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# 1. The Pension Board Purpose and Role

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 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.

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

A terms of reference is maintained by the Pension Board.

## 2. Yearly Update from the Independent Chair

This report covers the work of the Pensions Board for the Scheme year from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.

Throughout this period, the Pensions Board has focussed its attention on the progress and delivery of the following:-

- The launch of the Member Self Service portal;
- Service standards for administration services and calls;
- Investigation into participation rates of the Scheme and the reasons behind member opt outs;
- The implementation by the SPPA of the new Customer Service Model;
- The delivery of the Annual Benefit Statements within statutory timescales;
- The integration and population of the SPPA's new Target Operating Model;
- GMP reconciliation/rectification project work (see below); and
- Preparations and actions in light of the Sargeant/McCloud court case.

The Pensions Board is pleased to report good progress and delivery on all of these actions, in particular, the implementation of service improvements post the year end which included a revised bereavement process for members and their families.

Around the year end, the impact of the Covid-19 pandemic hit and the Pensions Board was impressed by the speed at which the SPPA moved to remote working conditions whilst still maintaining a good level of service for members in relation to the Scheme. This included holding Pension Board meetings remotely.

### 3. Year End Summary of Customer Metrics

#### 3.1 Scheme Membership

	2018/19	2019/20
Members	15,417	15,260
Pensioners	17,491	18,200
Deferred	1,292	2,627

#### 3.2 Customer Contacts

KPI's	Target	Total Volume	2019/20
Answer call within 60 seconds	90%	85,473	68.72%
Email reply within 24 hrs	90%	53,828	45.02%
First call resolution	80%	81,158	82.02%
Positive customer satisfaction	80%	1,432	88.76%

Telephony statistics	2019/20
Inbound	85,473
Average time to answer	00:01:20
Average duration	00:04:12
Abandoned	4084

Website	2018/19	2019/20
Total views	23,728	44,095
Calculator views	35,111	33,917

### 3.3 Year-on-Year Key Performance Indicators (2018-19 vs 2019-20)

Key Performance Indicators	Target	Volume	2018/19	Volume	2019/20
New Awards (Timeliness)	98%	680	100%	757	100%
New Payments Accuracy	95%	1087	98.95%	1088	97.03%
Death in Service	98%	4	100%	9	100%
Death in Pension/ Retirement	98%	163	99.39%	185	97.84%
Transfer Value In (quote)	100%	324	97.84% (100%)	305	99.67% (99.67%)
Transfer Value In (actual)	90%	259	97.68%	356	78.93%
Transfer Value Out (quote)	100%	42	100% (100%)	34	97.06% (97.06%)
Transfer Value Out (actual)	100%	23	100% (100%)	31	100% (100%)
Estimates	90%	1773	98.08%	1497	96.59%
Divorce CETV	100%	102	100%	106	100%
Divorce PSOD	100%	28	100%	30	100%
Refunds	97%	207	99.03%	183	97.81%
Ministerial replies	100%	0	-	0	-
Annual Statements	100%	14906	99.86%	14771	100%
Annual allowance	100%	251	100%	413	100%
Records Maintenance errors	95%	0	100%	0	100%
Records Maintenance up to date	97%	15143	99.09%	15147	99.91%

### 3.4 Complaints

Complaints	2018/19	2019/20
Received	15	25
Upheld	5	4
Partly upheld	2	4
Not upheld	8	15
KPI	100%	100%

### 3.5 Year End Annual Benefit Statement Update

Building on lessons learned from previous years ABS exercises, the Agency succeeded in delivering the best result, for the delivery of ABS to qualifying members, to date.

Postal ABS were issued by 31 August 2019 to active members of Police Scotland Scheme.

The results achieved were as follows:

Scheme	ABS Produced	Issued On Time
Police	14,771	100% Issued On Time

A collaboration between various members of the Service Improvement Group saw a review of the ABS template being conducted, with beneficial changes to the content made as a result.

Although this report retrospectively considers the delivery of the 2018-19 ABS statements in 2019, it should also be noted that due to a printing issue the 2019-20 ABS statements were not issued until 2 September 2020, after the 31 August 2020 deadline. Additionally the Pension Board had concerns with the quality of work on annual allowance, namely that the incorrect limit was used on the production on ABS statements. These will be reported in full within the Annual Report of the Pension Board which will be produced for the 2020-21 financial year.

### 3.6 Year End Update on Reconciliation of Scheme's Guaranteed Minimum Pension (GMP)

Work continues to complete the reconciliation of the records of members' contracted out periods of employment with those held in HM Revenue and Customs.

The Board received routine updates on planning and progress from the Project Manager, throughout the year.

The Board appreciated that the impact of the repeated delays of the arrival of the Final Data Cut (FDC), from HM Revenue and Customs, caused SPPA to have to re-schedule project plans, setting back their planning of the rectification phase of the Project. With the initial expectation being that the FDC was to arrive in April 2019, considerable reorganisation was required when the delivery date transpired to be February 2020. The Board was however pleased to hear that this additional period was made best use of and that focus was turned to casework that will result in the reduction of stalemate cases.

#### Reconciliation:

As at the end of the financial year 2019/20 the Project team had achieved a completion rate for reconciliation, based on all HMRC responses to queries raised, of 97.5%.

The Board was concerned to hear that when the FDC was eventually received by the Agency, in February 2020, SPPA's contractors identified unexpected inconsistencies in the GMP value on records.

The contractors therefore carried out additional data sampling, using the HMRC 'GMP checker' (an HMRC system for use by pension administrators at 'life events'), and established that the FDC included incorrect values. As a result the contractors developed a data validation process which will ensure that correct GMP values are used in all rectification cases.

## Rectification:

The rectification of Police pensions (i.e. the creation of an 'Increased Pension Entitlement' and correction of GMP values) was completed in February 20. Any remaining cases to be rectified will be wash up cases and underpayments. No further action will be required by SPPA at this point until analysis of the FDC and GMP checker is complete. The remaining rectification cases will be actioned along with the NHS and Teachers rectification early in 2021.

## 4. Governance

### 4.1 Meetings and Attendance

During the 2019-20 scheme year, the Pension Board met on four occasions at the SPPA's Tweedbank office. Details of the Pension Board members' attendance at meetings are set out below.

Name of Pension Board Member	15/05/2019	11/09/2019 - cancelled	13/11/2019	19/02/2020
	Attended	Attended	Attended	Attended
Stuart Purdy - Chair resigned Nov 2019	Y	n/a	Y	n/a
Shirley Rogers - Chair joined 1/2/20	n/a	n/a	n/a	Y
Jennifer Adams - Vice Chair	Y	n/a	Y	Y
David Ross	Y	n/a	Y	Y
Andrew Barker	Y	n/a	Y	Y
David Hamilton	Y	n/a	Y	Y
John Maclean - resigned Nov 2019	Y	n/a	Y	n/a
Sharon Dalli	Y	n/a	Y	N
David Christie	Y	n/a	Y	Y
Darren Paterson (started 1/12/19)	n/a	n/a	Y* observer	Y

### 4.2 Membership changes to Pension Board

The table below summarises the joiners and leavers to the Pension Board membership over the year

Police - leavers	Starters
John MacLean resigned November 2019	Darren Paterson (employers) – 1/12/19
Stuart Purdy resigned November 2019	Shirley Rogers – 1/2/20

### 4.3 Pension Board Costs

The Pension Board has incurred £2,328.70 of fees and expenses over the course of the year.



## 5. Forward Look 2020-21

For 2020 and beyond, the Pensions Board anticipates that its focus will continue to be on Scheme administration, governance and the ability of the SPPA to deal with the multiple project demands on its resource. The practical challenges for SPPA staff caused by the continued impact of the pandemic will be monitored and the Pensions Board will continue to provide its support to the SPPA in managing key processes and projects.

A strategic architecture review of the SPPA IT systems is being carried out in 2020 and the Pensions Board anticipates following closely the procurement process and contractor engagement for the new IT system.

Due to its relative size and strategic importance, the Scheme has been selected for Relationship Supervision by The Pensions Regulator. The Pensions Board will carry out an oversight role in relation to this supervision.

**This report was approved by the Scottish Police Pension Board at its meeting on 11<sup>th</sup> November 2020.**