



## Minutes – Scottish Police Pension Board – 14 July 2020 (no 22)

### Attendees:

Shirley Rogers (SR)	Chair
Jennifer Adams (JA)	Vice Chair
Sharon Dalli (SD)	Pension Board Member
David Hamilton (DH)	Pension Board Member
Andrew Barker (AB)	Pension Board Member
David Christie (DC)	Pension Board Member
David Ross (DR)	Pension Board Member
Dev Dey (DD)	SPPA Head of Customer Services
Matt Valente (MV)	SPPA Head of Business Management
Stuart MacArthur (SMcA)	SPPA Governance Manager
Gerry McGarry (GMcG)	SPPA Customer Services Manager
Jennifer Love (JL)	SPPA Customer Services Manager
Iain Coltman (IC)	SPPA Senior Policy Manager
Janet McDougall (JM)	SPPA Programme Manager
Molly Wyllie	SPPA Governance - minutes

### Apologies:

Darren Patterson	Pension Board Member
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### 1. Welcome, introductions and declarations of interest

1.1 SR welcomed everyone to the meeting. Introductions were made by all attendees at the meeting. SR advised that tenure had been extended to 31 March 2021 for David Hamilton, member representative and Sharon Dalli, employer representative.

1.2 Apologies as noted above.

1.3 No new conflicts of interest were declared. However, SR added that she continued in her role as Scottish Government Director for EU Exit and also now Director for Operational Readiness for Covid-19 from 13 March 2020. This should not create a conflict, however, should be recorded in the minutes.

### 2a. Draft minutes and Action Points from last meeting

The minutes from the meeting of 19 February 2020 were reviewed and two amendments were requested – JA asked that the repetition in wording on page 7, before and after the first action, be removed and DH asked that the final sentence in the seventh paragraph on page 8 of the minutes be replaced with “DH contended that the KPMG report had not been commissioned independently and noted his reasons.” The minutes, subject to these two changes being made, were approved.

### 2b. Outstanding Actions Log

The outstanding actions were discussed and the following noted:

- P13.04 5/12/18 – this would be covered in item 9 of the agenda. JA suggested that the action could be completed and closed with the outline of the I-Connect portal having been provided, rather than waiting on the actual launch of I-Connect – this was approved and the action closed
- P15.09 13/5/19 – this would be included in the overall review of dashboard and the way information is presented – action combined with P17.04 and closed
- P17.04 13/11/19 – this should be combined with P15.09 into one action - agreed
- P17.05 13/11/19 – JL advised that following investigation, it was found that only 6 underpayments were identified by the Agency within the last year and no complaints had been raised in connection with these cases. SD reminded the Board that the intention had been to report on underpayments regularly but suggested that, going forward, underpayments could be reported by exception – this was agreed and the action closed
- P17.08 13/11/19 – combine with action P18.02 – closed
- P18.01 19/2/20 – update provided in Governance paper. Annual Conference delayed until 2021 – remains open
- P18.02 19/2/20 – combine with action P17.08 – part of the Be-Positive recommendation was to move to more digital working. Working remotely has allowed the Agency to implement this more quickly – remains open
- P18.03 19/2/20 – update provided at agenda item 4. GMcG advised that a measure of participation would be the response from the auto enrolment exercise whereby 2,050 re-enrolment letters had been issued. SD agreed that the re-enrolment exercise would provide an indication, but this would not be available until the 3 months opt out period had elapsed. She proposed an update to the Board at the next meeting and suggested that further detail was required to examine the reasons, age groups etc for opting out or non-participation. This was agreed.

GMcG pointed out that Police Scotland monthly payroll could provide information which measured the total number of police employees v. those in the scheme and it was agreed that this information would be useful. However, the Board agreed that it needed to understand why employees are not participating in the scheme and that more information was needed other than simply the number of opt outs i.e. the reasoning behind the opt outs. Discussion followed on the appropriate forum to examine communication with these individuals and it was agreed that the Board should be involved with this.

SD noted two things for the Board, 1. more accurate data would be available after September 2020 and would be provided to the Board, 2. the data would be taken to the Service Improvement Group (SIG) to provide a trend analysis. SD advised that the SIG were working on this but it had not yet reached the point where the Board can take action – action remains open

- P18.04 19/2/20 – update provided at agenda item 9 – action closed
- P18.05 19/2/20 – update provided at agenda item 5 – action closed
- P18.04 19/2/20 – update provided at agenda item 6 – action closed
- P18.07 19/2/20 – update provided at agenda item 6 – action closed
- Closed Action P17.06 13/11/19 – JA stated that she was not aware of receiving information about communications in the Sergeant/McCloud Appeal. IC advised that no member communication had been circulated as yet. This would be covered in item 7.

### **3. Customer Service**

### *3.1 Customer Service Update*

DD advised that the way information would be presented to the Board had been reviewed and revised. The Customer Service Update would cover three of the Operational Strategic Aims – Customer First, Operational Excellence and Develop Our People.

DD advised that the full Customer Service Management Team was now in place. DD explained the new structure and the lead managers' roles. DD advised that all staff, with the exception of Mailroom staff, were working from home. Telephony service had been reduced to deal with critical calls; bereavement, ill health and injury. In addition, the bereavement process had been reviewed to streamline and move to digital channels.

DD advised that staff would potentially not return to the office until 2021 and would continue working from home. Staff had been provided with laptops and other equipment to allow them to continue working from home. This had included changes to working patterns to allow for child care/caring responsibilities. To ensure staff welfare, managers were in contact with staff on a daily basis, supported by HR colleagues. Absence had reduced with working from home.

#### *Achievements*

DD advised that, across all four schemes in April and May, 28,000 emails have been answered, 1,545 new pensions have been processed, 4,500 critical calls have been answered, 224 staff successfully working from home, 299,000 annual returns received from employers and the death process has been re-designed.

#### *Customer First - Critical Tasks*

JL advised that comments from the Board on the new format of reporting would be welcomed.

JL advised that the Customer Contact Team had answered 4,500 critical calls in April and May as noted earlier. However, this had resulted in a 5% increase in email traffic in comparison to the same period last year. Emails have increased again in June 2020. SR asked how the Agency determined what was a critical call and JL advised that a message had been added to the telephone system to alert callers to the processing of critical calls only. SR expressed concern that calls were abandoned if the subject matter did not fall within the 'critical' category and that this may cause issues for members approaching retirement. JL advised that members were asked to submit their enquiry, if not a critical call, via email. The figures appeared to support that this was the trend. The telephone service would be reviewed again in August.

DH asked if the figures reflected the time to acknowledge an email, or the time to resolve an enquiry. JL advised that, over the period, 88% of cases were responded to directly but the remaining 12% of enquiries were referred to the administration teams for resolution. JL added that the email auto response had been amended to reflect the current circumstances to manage expectations on the time it could take to answer a query. The aim would be to improve on the response times over the next quarter but, in June, on average, emails were responded to within 28 hours.

Discussion turned to security issues and DD advised that no printing is allowed for staff working from home. In terms of payment accuracy, the Agency Security Manager had reviewed and provided assurance on the systems in place. JL confirmed that new pensions and new pension accuracy had achieved 100% of target. There had been two death in service cases, compared with zero for the same period last year. Two death in retirement cases had missed the target in April, but had now been successfully completed. A revised bereavement process had been developed.

JL confirmed that 3 complaints had been received in April/May and all had met the target. No trends were identified. SD asked if there had been an improvement in the controls required to prevent recurrence. JL advised that complaints were recorded on a database and reported back to staff where necessary. The intention was to review the complaints process and outcomes would be reported to the Board.

AP1	JL to report complaints review outcomes to the Board when available
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#### *Review of Bereavement Process*

GMcG advised that the bereavement process had been reviewed in light of Covid-19. The review process brought forward 52 proposals for improvement and change and 18 were selected for development. The proposals fell into three categories: internal organisation, system and process and communication and access. GMcG advised that some of the improvements included: establishment of a Bereavement Team to deal with death applications, a scribe service, guidance being developed to assist claimants, working with National Registers of Scotland (NRS) and negotiating a Memorandum of Understanding to allow the Agency access to their data, removing the requirement for a wet signature on applications and interim access to provisional funds where the claimant is suffering hardship and cannot provide identity verification while shielding. The Agency had also been investigating the possibility of using a third party verification service. This was in the very early stages.

GMcG advised that the changes implemented had led to an improved service for claimants. JA asked if the Agency was comfortable that the changes made had been reviewed against the risk of fraud. GMcG explained that claimants were asked via email to respond electronically. This provides a second level of authority and effectively provides an ID stamp. All applicants are required to send in the full documentation before an award could be made. In the case of the scribe service, a call back is made to verify identity.

SR commented that the Board recognised the work undertaken to implement these changes and thanked everyone involved.

#### *Customer First – Non Critical Tasks*

JL advised that all non-critical tasks in April and May had been completed and targets met. The intention was to develop a webchat facility later in 2020. In addition, a review of the telephony system would be undertaken and an update provided to the Board.

AP2	JL to report the outcome of the review of the telephony system to the Board when available
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JL advised that over 2,000 letters had been issued to members regarding auto enrolment and 800 opt out forms had been received to date.

#### *Operational Excellence*

GMcG advised that both the Annual Benefit Statement (ABS) and the Annual Allowance (AA) exercise were being overseen by a Project Manager. Work was underway to complete the ABS exercise by 31 August 2020. The project was on track to meet this deadline. Some additional work was required for approximately 700 cases where additional salary payments were made and corrected information would be necessary. DH asked if ABSs would be issued by post, or on MSS. GMcG commented that this had yet to be decided and would be discussed with the SIG.

GMcG also advised that the AA exercise was underway and SD is coordinating with the Agency on behalf of the Service Improvement Group.

GMcG advised that the GMP Reconciliation Project for the Police Scheme had been completed in February 2020. Letters were issued to pensioners and dependants at the beginning of February 2020, with only a very small number contacting the Agency. The exercise was due to complete by February 2020 across all four schemes.

#### *Developing Our People*

JL advised that training opportunities had been identified across Customer Service and 37 members of the team had been upskilled on critical areas to ensure continuity of service. A full review of skills across the team had been completed and work was underway to create a skills matrix. Staff welfare had been a priority and this would continue throughout the working from home period.

#### **4. Service Level Agreement/Service Improvement Group**

GMcG advised that the current priority for the SIG was reviewing the AA exercise 'lessons learned' and building service improvements into the process.

GMcG advised that another area under consideration was the Data Sharing Agreement. This had been put on hold due to Covid-19, however, GMcG would meet with the Agency's Head of Security to review this.

Pension forecasting, known as Annex D, was a technical area of work which required collaboration between the Agency and Police Scotland. SD advised that the figures that come from this work were used to formulate the funding grant.

GMcG advised that the Comms team is looking at member communications and how best to take these forward.

As previously noted, letters had been issued regarding auto enrolment and 800 opt out responses had been received to date. A further update would be provided when the exercise was complete.

AP3	SPPA to report the outcome of the auto enrolment exercise to the Board at the next meeting
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#### **5. Business Management Risk Update**

MV advised that the Senior Leadership Team had approved the Risk Management Framework, which would now go before the Audit and Risk Committee (ARC) on 20 July 2020. A review of the Strategic Risk Register had also been done and this would filter down to other registers across the Agency. The new risk register had been reduced, would be easier to read and would be accompanied by risk profile cards which would list the actions and controls. MV suggested that when the risk registers had been to the ARC a separate meeting be arranged with the Board to review the Police Scheme risk register.

SD asked to what extent the risk register aligned to Audit priorities. MV stated that the control confidence ratings aligned with Audit Scotland's ratings which are: limited, reasonable and substantial. MV advised that the Police Scheme risk register would follow the same format of ratings. DH asked if the risk register would be scheme specific and MV confirmed that this would be the case.

DC asked if there were any very high rate risks identified at this point. SD also asked how multiple or concurrent risks were addressed. MV advised that cyber security was the highest risk at present, due to the fact that there was a national crisis and staff are working from home. This was followed by business intelligence and data quality. Data has the potential to be inaccurate and taking account of this, the Agency was currently reviewing the role of Partnership/Employer Engagement Managers. SR commented that these were mainly internal risks and did not take account of other external risks eg: second wave Covid-19, EU exit, possible changes to pensions etc. MV advised that the Operational Risk Group would meet monthly to ensure controls were in place for strategic risks and also include horizon scanning. The proposal would be to keep the risk register as a regular item on the Pension Board agenda. DH asked why the current risk register was not available at the meeting. MV advised that this was mainly due to the review that had been ongoing and the work being undertaken across the Agency to ensure consistency. DH asked for clarification of the owner of the risk register. MV confirmed that the Operational Risk Register is owned by the operational teams. SMcA confirmed that the Board would have oversight of the main operational risks and be able to contribute to it. JA highlighted that there were specific provisions within the Pensions Regulator's Code of Practice for the Board to ensure that a risk register was in place. Following discussion it was agreed that the Board would continue to receive the operational risk register for discussion and an ad-hoc meeting would be arranged to discuss the Police Scheme risk register prior to the next full Board meeting.

AP4	MV to arrange a meeting with the Board to discuss the new risk register before the next full Board meeting
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## 6. Governance Update

SMcA advised that the new operating model for the Governance Team had been finalised and recruitment was underway. The Pension Regulator's Relationship Supervision was on hold at the moment and the Board would be updated of progress. This was likely to be re-visited in September 2020 and re-commence at that time.

SMcA advised that the Terms of Reference for the Board would be reviewed later in 2020. The comments received to date from Board members had been noted and would be taken into account in the review. There had been engagement with the Pension Regulator to review terms and tenure. This had resulted in a change of ultimate tenure for Pension Board members from 6 years to 8 years. DH stated that the staff side would provide representatives for the Board and would not be bound by the Agency's Governance Policy. SMcA stated that the principles outlined for the governance of Pension Boards should be adopted by Board members and that the Pension Regulator had been clear that there should be rotating membership. He pointed out that it would help if the Agency could get more information to understand the concerns of the staff side. SR stated that the current extension to tenure allowed time for further discussion and this would be re-visited in due course.

Training and induction for Board members is being reviewed and a revised module being developed. This would be interactive. There was also a requirement to undertake the Pension Regulator's Public Service Toolkit. The Annual Conference would be postponed until 2021. SD asked if the training module would be scheme specific. SMcA advised that any additional scheme specific training would be considered at induction. SR pointed out that the Pension Regulator Toolkit was very generic and expressed the view that the training needs to be more focussed on the intricacies of the Police Scheme.



## 7. Policy Update

### 7.1 Internal Dispute Resolution Procedure

IC advised that the three disputes received had been actioned within timescales. No trends identified.

### 7.2 Sargeant/McCloud Appeal Case

IC provided a background to the Age Discrimination Appeal Case. IC advised that the Agency had been working with Scottish Government Legal Department to manage litigation. A working group, led by HM Treasury, had been reviewing the proposals to address the discrimination. The UK Government would be issuing a Consultation this week on the two proposed options being proposed – immediate choice and deferred choice underpin. Engagement would take place with stakeholders over the 12 week consultation period. The consultation would also include discussion on longer term pension reform and lifting of the employer cost cap. IC advised that the Agency had an internal working group to review the implications.

SR asked what support would be available for members to allow them to exercise their choice. IC advised that if the result of the consultation was the immediate option, the proposal would be to provide members with estimates of benefits. If the deferred choice was the option, members would review their benefits at retirement. DC asked if a written update could be provided for future meetings. IC confirmed he would send out a written update from this meeting and for future meetings.

AP5	IC to circulate a written update from this meeting and also for future Board meetings
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DH asked whether IC can identify any members who would benefit from option one, immediate choice, to consider as a model. IC advised that this is a reserved power for UK Government and the intention is that a robust resolution is reached. Members who were close to retirement may prefer option one. DR asked how the Agency would identify those members who had retired between 2015 and the conclusion of the process. IC advised that the internal working group would be reviewing this issue. These cases were identified as immediate detriment and were being treated as a priority.

JA asked how this work impacted on other projects being undertaken by the Agency. IC advised that a new role had been created within HMT Public Service Pensions Teams to engage with scheme administrators on the issue of capacity planning. The Agency had fed into that process and assured the Board that planning would take account of the complexity of the work and how it may impact on ongoing projects.

DH commented that ABS may not be accurate and would this be highlighted to members. IC advised that this would be highlighted on statements and that revised statements may be necessary during the exercise.

## 8. Overpayment Summary

GMcG advised that there was no identifiable trend and that overpayments amounted to 0.05% of all payments made.

## 9. Projects – I-Connect, Annual Pension Increase, Member Self Service

### 9.1 I-Connect

JMcD advised that work is underway between the Agency and Police Scotland to ensure that annual returns data matches. Until the member matching is complete, test data cannot be received. The intention was to receive live data around October/November 2020. It should also be noted that month 12 data would include the annual return information which would greatly improve the end of year process.

### 9.2 Annual Pension Increase (API)

JMcD advised that the API exercise had been successfully completed, effective for members from 8 April 2020.

### 9.3 Member Self Service (MSS)

DH asked if members' annual statements would be provided on MSS. JMcD confirmed that as many as possible would be made available on MSS, but where this was not possible, members would receive a paper statement. To support this, staff would receive additional training on the system. The intention was to improve the system to show the same information online as that provided on a paper statement. Members would also be able to download a copy of their statement from MSS.

## 10. Pension Board Responsibilities Update

The Board noted the Responsibilities Update paper which reflected the discussions from the last Board meeting. JA advised that the template should be refreshed when the Terms of Reference were updated and also, as discussed earlier, looking at risk. DH commented that the document allowed clarity of roles and obligations and provided a way to track progress against these. JA suggested that an annual agenda planner would be useful to ensure the Board covers the business it should. SMcA confirmed he was in the process of developing a planner.

AP6	SMcA to provide agenda planner to the Board when available
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## 11. Any other competent business

11.1 SD asked if the Agency took part in The Pensions Regulator's Governance and Administration Survey 2019 and if so, would the Board receive the outcomes? SMcA confirmed that this was the case and that the results had not yet been published. When received, these would be shared with the Board.

AP7	SMcA to share the outcomes of the Pensions Regulator's Governance and Administration Survey 2019 with the Board when available
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## 12. Arrangements for future meetings

SR advised that the next Board meeting would be brought forward to a date in October 2020 to be confirmed.

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

**These minutes were approved on 11 November 2020 as a correct record of the meeting held on 14 July 2020.**