



Minutes – Scottish Teachers' Pension Board – 15 July 2020 (No. 22)

Attendees:

Clare Scott (CS)	Chair
Ray Martin (RM)	Vice Chair
Drew Morrice (DM)	Board member
Debbie Walls (DW)	Board member
John Crichton (JC)	Board member
David McGinty (DMcG)	Board member
Brian Cookson (BC)	Board member
Graham Hutton (GH)	Board member
Sharon McKenzie (SMcK)	Board member
Peter Smith (PS)	Board member
Cllr Charles Buchan (CB)	Board member
Laura Jamieson (LJ)	Observer
Dev Dey (DD)	SPPA Head of Customer Services
Gerry McGarry (GMcG)	SPPA Customer Services Manager
Stuart MacArthur (SMacA)	SPPA Governance Manager
Iain Coltman (IC)	SPPA Senior Policy Officer
Janet McDougal (JMcD)	SPPA Project Manager
Molly Wyllie	SPPA Governance - minutes

Apologies:

Cllr David Illingworth	Board member
Leah Franchetti	Board member

1. Welcome, introductions and conflicts of interest

1.1 CS welcomed everyone to this first virtual meeting. Introductions were made.

1.2 Apologies were as noted above.

1.3 No conflicts of interest declared.

2. Board Changes

2.1 CS welcomed Graham Hutton, School Leaders Scotland, who had joined the Board as an employer representative.

2.2 CS also noted that this would be Debbie Walls last meeting. The Board recorded it's thanks to Debbie for her contributions. SMcA also thanked Debbie, on behalf of the Agency, for her work on the Board.

2.3 Laura Jamieson was attending as an observer and may potentially be nominated to replace Debbie.

3a, Draft minutes from meeting of 25 February 2020

The minutes from the meeting of 25 February 2020 were adopted without amendment.

3b. Action Points

Outstanding actions were discussed and the following noted:

- T8.11 23/5/17 – awaiting response from COSLA regarding legal advice. DW advised that COSLA had received legal advice which would be reviewed at the Scheme Advisory Board – remains open
- T12.04 10/5/18 – Communications Overview and Strategy issued at July meeting, however, it was agreed that the Board required further discussion and a new action taken to allow for this – action closed

AP1	Communications to be added to the agenda for discussion
-----	---

- T13.02 21/8/19 – remains open
- T15.03 27/2/19 – remains open
- T17.03 28/8/19 – sub group report included in July 2020 meeting – remains open
- T17.10 28/8/19 – remains open
- T18.02 27/11/19 – remains open
- T18.03 27/11/19 – remains open
- T18.05 27/11/19 – remains open
- T18.06 27/11/19 – Annual Allowance Report included in July 2020 meeting - closed
- T19.01 25/2/20 – remains open
- T19.02 25/2/20 – remains open
- T19.03 25/2/20 – remains open
- T19.04 25/2/20 – Governance update included in July 2020 meeting - closed
- T19.05 25/2/20 – comments received and will form part of the Governance review of the Terms of Reference – closed

CS commented that some actions had been outstanding for some time. CS suggested that to resolve this, an agenda plan would be helpful to know what papers were due at points throughout the year, link this to the Regulators expectations and to plan around this. SMcA confirmed that this was already in development.

AP2	SMcA to develop an agenda plan, taking account of Agency business and the Regulators expectations of the Boards role
-----	--

4. Pension Board Responsibilities Update

RM advised that the document highlighted the obligations and responsibilities of individuals, the Board and the Agency. The document was split into three sections and uses a traffic light system: red, amber, green. The three sections are: individual members roles and responsibilities, the Board's roles and responsibilities and the Agency's roles and responsibilities.

RM noted that on section one, item 2 was highlighted in red. This related to Board membership. RM asked if, with the appointment of Graham Hutton, the Board was now

complete. DM asked if the vacancy was from University employers. Following discussion it was agreed that confirmation of outstanding vacancies be provided to the Board.

AP3	SMcA to confirm what vacancies remain to be filled on the Board
-----	---

Under section one, item 5, RM asked if the Board would consider meeting separately from Agency staff. CS commented that it could be helpful and was something that could be considered. DMcG asked what would be the purpose of the Board meeting without Agency staff present. RM suggested that it would be an opportunity to discuss agenda items to determine understanding. BC commented that it would be useful to discuss agenda priorities and would support this. SMcA added that from an Agency perspective, transparency was important and would encourage members to feel able to speak freely but had reservations about creating separate committees.

RM noted that section one, item six remained red. This related to induction training for Board members. An annual conference had been arranged for November 2018, but had been cancelled. RM asked if separate training would be required. CS noted that this would be covered in item 11, Governance Update, on the agenda.

Section one, item 8. RM asked if Board appraisals would take place this year, or whether it would be delayed until later. CS confirmed that due to the current circumstances, it would be later in the summer. CS also commented that rather than the appraisal process be designed around individuals, although important, it be extended to the effectiveness of the Board.

RM noted that previously Board members had offered to be involved in reviewing communication to members, but that this had not been taken up by the Agency.

Another area noted was that of receiving data, which included unconfirmed starters and leavers. RM suggested it would be useful for the Board to receive a quarterly report on outstanding data.

RM commented that the Board had not been involved in the valuation process. The Board had views on how the results were communicated, what potential consequences were, or how things may affect employers. More input would be useful.

RM noted that the Pension Regulators Annual Report had not been received. SMcA confirmed that this had not yet been received.

AP4	SMcA to circulate the Pensions Regulators Annual Report to the Board when it became available
-----	---

RM stated that the Regulator's description of the Board's role included reporting breaches. RM suggested that the Agency have a breaches log if one was not already in place.

AP5	SPPA to prepare a breaches log, if not already in place, or provide the most recent version of one already exists and to add as a regular item on the agenda
-----	--

RM noted that the Agency should provide a training policy. DMcG stated that he would welcome more scheme specific/Board specific training for Teachers'. SMcA advised that this topic would be covered in the Governance update at agenda item 11.

RM noted that the annual data quality exercise would continue to be reviewed by current working group. CS suggested that this should be a regular agenda item.

AP6	SMcA to add data quality exercise as a regular agenda item
-----	--

5. Working Group – Employer 2020 Year End Data Submissions and Annual Benefit Statement Production

RM advised that the Group had met and had discussed the cases where either starter or leaver forms had not been received. RM suggested that the Group continue to meet as annual returns were due ahead of the production of Annual Benefit Statements (ABS). RM advised that the Agency should not lose sight of these cases and continue to pursue employers to receive correct data.

GMcG advised that along with annual returns, starter and leaver notifications had been received. The aim would be to strengthen communication with employers throughout the year. Every effort would be made by the Agency to ensure that employers submitted accurate data on time. The proposal was to allow employers to 31 July 2020 to submit data. If data was not received by that date, a letter would be sent to members where an annual return had either not been received or would be received late, to advise them that their ABS would be provided when the relevant data was held. GMcG advised that, to support employers, a Technical Working Group was already in place.

CS thanked the Group for their work to date and advised that the Board were there to assist if required. GMcG confirmed that an update would be provided at the next meeting.

AP7	GMcG to provide and update during August regarding the progress of the 2020 ABS exercise
-----	--

6. Customer Service

6a Dashboard

DD noted that the dashboard had been re-designed and asked if the Board had any comments.

AP8	Board members to forward any comments or suggestions on the revised dashboard format
-----	--

6b. Customer Service Update

DD advised that the format for this had also been revised. This was now aligned with the Agency's Strategic Aims and the three represented in the report covered: Customer First, Operational Excellence and Develop Our People.

6b.1. New Structure

DD advised that a full management team was now in place and explained their individual roles. All staff were working from home, with the exception of the Mailroom staff who have access to the office. Due to Covid-19 (CV19), a decision was made in March 2020 to reduce the telephony service to focus on business critical calls: bereavement, ill health and injury benefit. However, in terms of the full service, the email service would pick up the remaining enquiries.

6b.2. Where are we now and Home Working

DD advised that all staff had been working from home for approximately four months. In line with current Scottish Government guidance, this would continue for the remainder of 2020. Work continued to ensure staff had the equipment and support to continue working from home. This had involved allowing some staff with caring responsibilities to adopt different working patterns. In addition, managers had been in regular contact with individual staff to ensure their wellbeing. This was supported by HR colleagues.

6b.3. People and Absence

DD advised that a number of temporary vacancies would now be filled and recruitment was underway. A reduction in absence had also been noted during this period.

6b.4. Success and Achievements

DD advised that across the Agency during April and May, 28,000 emails had been answered, 15,545 new pensions processed, 4,500 critical calls answered, 299,000 annual returns had been received.

6b.5. Critical Tasks

CS thanked the staff for the work done under difficult circumstances. Following discussion it was agreed that key indicators should, if possible, be reviewed to ensure that the information presented to the Board continued to be relevant and of value.

DM noted that there had been a decrease in new pension awards during April and May 2020, compared to the same period in 2019. GMcG advised that this had been due to a reduction in applications, which may be due to CV19 whereby Teachers' were deferring retirement. DM asked why this was reflected in this way as the both the Agency and the Board had no control over the number of applications. GMcG advised that this would be taken into account for the development of performance reporting in future. CS commented that the full quarter performance would be reported at future meetings. CS also asked if the months that had not been reported to the Board could now be provided.

AP9	Customer Service to review the key performance indicators reported to the Board
AP10	GMcG to provide the months of data that had not been previously reported to the Board

BC asked if ill-health applications had been impacted or delayed by CV19 and the ability for members to obtain supporting evidence and whether deadlines had been relaxed. GMcG confirmed that the timescale had been removed during the current circumstances. BC asked if members had been advised about the change. GMcG agreed to check this and report to the Board.

AP11	GMcG to check what communications had been put in place to advise members claiming ill health retirement that the timescales for applications had been removed
------	--

CB thanked the staff for their hard work and commitment in maintaining the service to members and stakeholders.

6b.6. Review of Bereavement Process

GMcG advised that the process had been reviewed in April 2020 and 52 proposals for change were put forward. Of these, 18 were selected for development which was a mixture of revised process and technical updates. These fell into three main categories: Internal

Organisation, System and Process and Communication and Access. A Bereavement Team had been created to support this. One highlight was to establish a relationship with National Register of Scotland (NRS). This would allow the Agency access to the NRS records where verification of identification was required, but claimants were having difficulty obtaining it. This was also supported by removing the need for wet signatures from applications, accepting electronic signatures. GMcG advised that the changes implemented would be adopted into normal business in due course. RM asked if the Agency had explored the use of 'Tell Us Once'. GMcG confirmed that this system was already in use by the Agency.

7. Overpayment Summary

GMcG advised that 0.01% of all payments made had resulted in an overpayment. No trends identified.

8. 2020 Annual Pension Increase Incident Report

JMcD advised that the Agency had worked with the pension administration supplier to merge the administration calculations with the payroll element. This had been successful in testing, however, during the live application, data problems had led to a number of cases where there had been an under or overpayment. The Agency undertook corrective action and all members were advised. A lessons learned exercise was underway. In addition, training would be provided to relevant teams. CS asked if the Board could have sight of the Lessons Learned report. CS commented that this project had not been flagged sufficiently to the Board. JMcD confirmed that the project had been independently managed and assessed by an independent Programme Board which consisted of members of the Senior Leadership Team, an independent Critical Friend and representatives from the system supplier. Regular updates had been provided to Boards as this project had also included improvements to the administration system.

AP12	JMcD to circulate the Annual Pension Increase Lessons Learned Report to the Board. To be added to the agenda for the next meeting for the Boards consideration
------	--

9. Policy Update

9.1 *Internal Dispute Resolution Procedure*

IC advised that numbers were low and that some delays had been experienced in ill-health cases, but these were now back to normal levels.

9.2 *Sargeant/McCould Appeal Case*

IC provided a short background to the Age Discrimination Appeal Case. There were a small number of members affected by this in the Teacher's scheme. These cases had been set aside at present. Policy discussions had been held by HM Treasury and also Scheme Advisory Boards. IC advised that the UK Government would issue a consultation this week, which would run for 12 weeks. This would provide details of the two options available to member which were: immediate choice and deferred choice underpin. The consultation would also include an announcement on the UK Governments approach to further pension reform and also a statement on the employer cost cap. IC advised that an internal working group had been created to deal with the work involved. DM asked if the costs in relation to the cost cap would be made available during the consultation period. IC advised that the cost cap was a reserved issue and confirmed that the Agency would work with the Scheme Advisory Board when the results of the consultation were known.

DM suggested that a paper on the implications would be helpful. CS also noted that there would be a resource impact for the Agency and that it would be helpful for the Board to understand how the Agency would deal with this. IC advised that the resource implication had been reviewed and additional funding to support the work had been made.

AP13	IC to provide a paper on the implications of the Appeal Case to the Board
------	---

9a. Covid-19 Teachers' Employers Contributions

IC advised that this had been raised through ministerial channels from part of the education sector who had concerns for the viability of a number of independent schools. Ministers agreed that the Agency could offer flexibilities to some employers. Following discussions about the implications of offering flexibilities, consulting on legal advice, consulting the Pensions Regulator, only one employer took advantage. DMcG asked, to safeguard employees contributions, whether these had been forwarded to the Agency. IC confirmed there had been no issues with employee contributions. RM commented that it would be helpful to receive details of the number of employers (schools) and the number of employees involved that do not fall under the covenant of the Scottish Government in regards to their contribution guarantees. This would help the Board evaluate the risk involved. IC confirmed that he would obtain this information on an anonymised basis and share with the Board.

AP14	IC to provide an anonymised list of number of employers in the scheme who do not fall under the covenant of the Scottish Government guarantees and also the number of employees involved
------	--

DM also noted that the specific regulations that had applied had not been included in the document. IC apologised for the oversight and agreed to re-circulate the document with the appropriate amendment.

AP15	IC to re-circulate the Covid-19 Teachers' Employers Contributions paper with the appropriate regulations included
------	---

CB asked if the Scottish Ministers were responsible for undertaking due diligence. IC confirmed that this had been undertaken during the process of agreeing the flexibility. To support this a Promissory Note would be signed. The Agency's Finance Department were satisfied that due diligence had taken place. CS noted that the role of the Board was to be assured that the Agency had undertaken the necessary diligence to mitigate the risks involved.

10. Business Management Risk Update

SMcA advised that a Risk Management Framework had been developed. The Agency had developed new Strategic Risks and a new Strategic Risk Group was now in place. A report on Strategic Risks would be presented to the Audit and Risk Committee meeting for approval, prior to sharing with Pension Boards. SMcA advised that the intention was to discuss these risks with Pension Board Chairs and Vice Chairs. The Agency would also develop new operational risk registers. These would be scheme specific and shared with the Board. SMcA advised that for each of the strategic risks, a score card is supplied which lists the actions and controls either existing or being developed within the Agency.

11. Governance Update

11.1 SMcA advised that the new structure had been agreed and recruitment for additional staff was underway.

11.2 SMcA noted that, for awareness, the Agency had received notification in April 2020 that the Relationship Supervision for the Scottish Police and Firefighters Pension Schemes had been postponed. This would be revisited later in the year.

11.3 SMcA noted that consultation with the Pension Regulator had taken place regarding Board Terms/Tenure and Terms of Reference. The proposal was to change ultimate tenure from 6 years to 8 years. This would bring it in line with the Regulators view. Previous comments received from the Board would be taken into account when reviewing the terms and tenure. BC welcomed the review and asked what the timescales were in terms of those members who were approaching the end of their current term. SMcA confirmed that the intention was to undertake an exercise to review all Board members tenure and where appropriate, extend their tenure to not exceed eight years. Succession planning would also be part of this exercise. RM commented that it is not necessarily appropriate to limit tenure for certain members, for example, employer representatives where the pool for nominations is limited. CS noted that the issue of tenure and succession would be discussed with Board members during the appraisal process. JC commented that staggering membership would be required to avoid a number of members leaving at the same time. SMcA agreed to share membership tenure with the Board at the next meeting.

AP16	SMcA to provide details of Board membership terms/tenure at the next meeting
------	--

11.4 SMcA asked the Board for their views and suggestions related to the proposed training module. SMcA advised that the intention was to hold an Annual Conference, however this would be postponed until 2021 due to Covid.

AP17	Board members to feedback any comments or suggestion on the proposed training module
------	--

SMcA asked that Board members complete the Pension Regulators Public Service Toolkit and submit their certificate at the earliest opportunity

AP18	Board members to complete the Pensions Regulators Public Service Toolkit and submit their certificate to Governance at the earliest opportunity
------	---

12. Projects – I-Connect and Member Self Service (MSS)

12.1 I-Connect

JMcD advised that the project was on hold at present and a full assessment of the business case would be undertaken to allow a decision whether to continue. Further development may entail unnecessary expenditure for both the Agency and employers. RM asked if this was connected to the possible procurement of a different administration system. JMcD advised that expenditure would be involved to ensure that I-Connect worked in respect of data collection. Employers would also have expenditure to adapt their output files to be able to upload them to I-Connect. This would involve lead times, development and testing and, added to the potential of moving to another administration platform, means that it may not offer value for either parties. CS commented that this puts back the improvement of

receiving monthly data from employers. JMcD advised that this was disappointing, in that the system worked for other schemes where there was only one employer.

12.2 Member Self Service (MSS)

JMcD advised that further training had been sought for Agency staff to allow them to update MSS. The intention was to provide the same level of service through MSS as that currently provided on the Pulsion system. Following training and testing, it was hoped that a demonstration would be provided to the Board. Unfortunately a time for this could not be offered, but an update would be provided at the next Board meeting.

13. Any other competent business

13.1 DM noted that the Stakeholder Engagement paper did not have an author or audience. SMcA advised that this paper had been created prior to CV19 and would be subject to review. DM asked if the revised version would be presented to the Board. CS noted agreement that the revised paper should be discussed by the Board at an appropriate point in the future.

14. Arrangements for future meetings

CS advised that the next meeting would be brought forward to a date in October 2020. Discussion followed regarding the timetable for future meetings, however, it was agreed to arrange a full Board at a date to be confirmed in October 2020.

**These minutes were approved on 27 October 2020 as a
correct record of the meeting held on 15 July 2020.**