



Scottish Public
Pensions Agency
Buidheann Peinneanan
Poblach na h-Alba

Scottish Police Pension Board

Annual Report 2020-21

**This report was approved by the Scottish Police Pension Board on
17 December 2021**



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1. Introduction

This report covers the work of the Scottish Police Pension Board (the “Pension Board”) from 1 April 2020 to 31 March 2021.

More detailed information about the Pension Board, including its Terms of Reference, membership, agendas and minutes of its meetings are available on the Scottish Public Pension Agency’s website. [Pension board | SPPA \(pensions.gov.scot\)](https://pensions.gov.scot)

2. The Pension Board Purpose and Role

The Pension Board is established under Regulation 7 of the Police Pension Scheme (Scotland) Regulations 2015 (as amended), in accordance with the requirement set out in Section 5 of the Public Service Pensions Act 2013.

The Board is responsible for “assisting the Scheme Manager” with the effective and efficient governance and administration of the Scheme. This includes ensuring compliance with the Scheme regulations, and any other relevant legislation and requirements imposed by The Pensions Regulator in relation to the Scheme.

The Scheme Manager for the Scottish Police Pension Scheme is delegated by Scottish Ministers on a day to day basis to the Scottish Public Pensions Agency (“the Agency”) under the [Agency Framework Document | SPPA \(pensions.gov.scot\)](https://pensions.gov.scot).

3. 2020-21 Update from the Independent Chair

Throughout the reporting period the Agency operated on a remote working basis in accordance with government advice for working during the Covid pandemic. Similarly Board meetings took place remotely. The agency, its staff and Board members are to be thanked for their hard work and flexibility over this sustained period of disruption.

Key issues which were considered by the Board over the period were;

- SPPA’s Covid response and the impact on customer service through a longer than anticipated period of disruption
- Risk identification, mitigation and management improvements made by SPPA
- SPPA’s work undertake to strengthen and improve governance arrangements with clarity around roles and responsibilities

- Preparations made by SPPA for addressing actions arising from 2015 Remedy
- Customer service issues and action plans, in particular to address concerns relating to the annual exercises

During the reporting period the Vice Chair, Jennifer Adams, stood down. The Board offers its thanks to Ms Adams for her contribution over a number of years. The Agency is to be congratulated on the actions it took to quickly appoint a high calibre replacement, ensuring governance resilience into the following year. I would formally welcome Steven Whalley to the role of Vice-Chair as Jennifer's replacement and look forward to working with him.

4. Covid-19 Response

The Agency, like many organisations, set up a remote working operation from 23 March 2020 – only key security and administration functions have operated on a limited basis within the office. All other staff were provided with the necessary equipment to allow them to work from home. This move, however, necessitated a reduction in the range of services provided to customers and members. The main impact of home working was a reduced telephone service which was limited to critical calls related to ill health, death and injury. For all other enquiries members were directed to contact the Agency via email.

A review of how the Agency supported members during this time was necessary and through this some digital solutions were developed. Enhancements were made to the telephony system to allow staff to answer calls from home.

This also impacted on how staff used Skype and latterly Microsoft Teams. These platforms allowed staff to keep in touch with colleagues and managers.

During the year the Board received updates regarding the business changes SPPA put in place and how these had impacted customer service and performance. The Board had been assured that the SPPA had worked to ensure that any impact was minimised. Improvements to services, such as the Bereavement Process were also welcomed by the Board

5. Agency Changes

Changes to the Agency's Senior Leadership Team (SLT) were necessary when Penelope Cooper, the Chief Executive (CE) moved on secondment within Scottish Government, from 19 October 2020, as Interim Director of Covid Co-ordination.

To support the Agency and ensure continuity of service, the Scottish Government, Director General Corporate, appointed an Interim CE and an interim re-structure of the Agency was implemented from 25 January 2021. To allow time to recruit a permanent CE, the interim appointments and structure were extended to the end of 2021.

The Board raised concerns regarding the impact of changes to the Agency's Senior Leadership and sought assurance that the service provided would not be affected.

6. Risk

During 2020 work was undertaken by the Agency to review its risk management approach by developing a risk framework, strategic register, and embedding departmental risk registers within the Agency. All of these reflected the changes to how the Agency was organised and the impact of the pandemic. The appointment of the new Risk and Assurance Manager saw this work taking shape and the Board sought assurance on this and were keen to assist in the further work planned in the development of the scheme specific register.

7. 2015 Remedy

During the year, the Pension Board received regular updates from the Agency on the potential legislative changes required as a result of UK court judgements which held that certain transitional protection provisions in 2015 public sector schemes constituted unlawful age discrimination.

The Board acknowledged that implementation of the remedy required to address this discrimination was challenging particularly for the police schemes due to their complexity.

Board members wanted to understand the scope of the membership impacted by the Remedy. The Board also sought assurance about how the Agency proposed to take these changes forward.

A Programme Board was created within the Agency to oversee the work required to take forward the 2015 Remedy Project. A Project Manager was appointed at the end of October 2020. The Project Manager attended Board meetings to provide progress updates.

The strategy the Project Team adopted was based on elements of the Agency's Digital Strategy, with the emphasis on developing common approaches and making use of existing functionality where possible to minimise development costs. In addition, any necessary development would be reusable and modular allowing portability. The Board noted that the systems development for the police schemes was part of a CLASS group

initiative and timelines for this work are dependent on policy and legislative decisions.

Board members proposed the set-up of a joint remedy working group with the Agency, stakeholders and Scottish Government representation. The Board also asked to have sight of and review the communications and engagement plan and offered to assist with communications and guidance for members.

8. Pension Platform Procurement

The Agency commenced the initial process to procure a new pension administration platform in June 2020. This included the establishment of a core team, Programme Board and programme governance. Development of the Strategic Outline Case commenced, together with planning and initial 'soft' market engagement.

In August 2020 the preferred technology architecture was agreed – that of a componentised and flexible solution.

In November 2020 the options appraisal was completed as part of the Strategic Outline Case and Ministerial briefing was provided. This was later approved by the Programme Board.

An extension of the current platform support and maintenance contract through to March 2026 (with an option for a further 12 months) was awarded in February 2021. This safeguarded the continuation of the pension administration system through to the completion and implementation of a new platform.

Comprehensive updates have been provided to the Board throughout the procurement process.

9. Service Level Agreement (SLA) and Service Improvement Group (SIG)

These groups are separate governance forums from the Pension Board; they provide for engagement between the Agency and the employer on specific service issues and monitoring of performance under the service level agreement. These forums are not sub groups of the Pension Board, but their progress is reported to the SPPA Chief Executive (CE).

It was agreed that a progress report would be provided by the CE to the Pension Board and this was implemented from November 2020. A summary of issues escalated and action taken was provided to the Board throughout the year. This included updates on performance improvements

including the Annual Allowance process, Data Sharing Agreement, Communications with members, participation rates and wider stakeholder engagement.

The Board raised concerns that the governance route to the CE was not operating as intended to allow the CE to consider action required to address any issues escalated and provide an update on this to the Board.

The Board also noted that the SLA Group had highlighted the need to establish timescales and milestones for the delivery of priorities, and raised concerns with the CE on the lack of progress by the Agency in delivery of key priority areas identified for performance improvement by the groups.

The Board noted positive development in the implementation of the I-Connect platform during the year, which allowed for the transfer of monthly data from the employer and associated data reconciliation, would improve data accuracy.

The three yearly automatic re-enrolment exercise had also taken place in July 2020 where an increase in the scheme participation rate was reported, and subsequent discussions were held by Board around report developments to better monitor and improve scheme participation rates.

10. Other Board Business

The Chair and/or the Vice-Chair of the Pension Board has received update briefings from the Chief Executive of the Agency (or the Interim appointment) during the year, along with chairs/vice chairs of the Agency's pension boards for other schemes.

The Board requested further development of the Management Information provided. Information to be tailored across departments to provide a clear view of performance against key priorities and which would also provide trend analysis.

Reconciliation of Guaranteed Minimum Pension records with HMRC data and ensuring records, and therefore pension entitlements, are accurate.

At the request of the Pension Board, the Agency now provides a Register of Breaches at each meeting. The register includes records of and whether breaches are considered significant enough by the Agency and separately by the Board to be reported to The Pensions Regulator.

11. Governance

Review of Roles and Responsibilities

The Board Roles and Responsibilities were reviewed quarterly. This was presented as a table, drawn from a number of documents, including the Pensions Regulators Code of Practice.

The Governance team reviewed the table and asked for comments from the Board where improvements might be made. The Board asked for clarity on a number of areas including: definition of responsibilities, agenda planning, appointments and nominations, training and links to the Scheme Advisory Board.

Following discussion and input from the Board, an action plan was developed. Some of the work mentioned has already commenced. The Governance team will continue to take this forward during 2021.

Review of Terms of Reference including membership tenure

A review of the Boards' Terms of Reference (ToR) was undertaken and a revised version was presented to the Board in November 2020 for consideration. Following this, the Governance Team met with employer representatives to discuss proposed changes and agreed a governance improvement action plan. This would be taken forward in 2021. The ToR's will be reviewed and updated annually.

The Pension Regulator's Relationship Supervision

In November 2019, The Pensions Regulator (TPR) notified the Agency that they were making changes to the way they regulated pension schemes. One of these changes introduced was known as Relationship Supervision and the Police Pensions Scheme(s) had been selected for this. This new approach was designed to build strong, open and transparent relationships with pension schemes which allowed TPR to better understand their circumstances and the specific challenges faced. Schemes are chosen based on their strategic size and importance, not due to any underlying inherent risks or issues.

The first step of the supervision was for the Agency to provide TPR with copies of Governance documents, including; Pension Board supporting papers, minutes, details of membership, Terms of Reference etc. This would be followed by meetings with the Governance team. However, in April 2020, TPR notified the Agency that, due to Covid-19 working restrictions, the Relationship Supervision of the Police Pension Schemes had been postponed. This would be resumed at a future date.

The Pensions Board carry out an oversight role in relation to this supervision.

Training and induction

A new Pension Board Induction and refreshed Training Pack was created and shared with all board members.

During the year training webinars were provided by:

- Pensions Regulator
- Government Actuaries Department

The intention is to develop this during 2021-22 with further webinars being provided.

Meetings and Attendance

During the 2020-21 scheme year, the Pension Board met on three occasions. Due to restrictions applied during the pandemic, all meetings were held virtually. Unfortunately the meeting scheduled for May 2020 was cancelled. An update was provided.

Details of the Pension Board members' attendance at meetings are set out below. Representatives from the Agency also attended the meetings as observers and to provide updates on behalf of the Agency.

| Scottish Police PB | | | | |
|------------------------------------|-------------------------------|-------------------|-------------------|-------------------|
| Name and Date of Meeting | 21/05/2020 - cancelled | 14/07/2020 | 11/11/2020 | 16/02/2021 |
| | Attended | Attended | Attended | Attended |
| Shirley Rogers - Chair | Cancelled due to CV19 | Y | Y | Y |
| Jennifer Adams - Vice Chair | | Y | Y | Y |
| David Ross | | Y | Y | Y |
| Andrew Barker | | Y | Y | Y |
| David Hamilton | | Y | Y | Y |
| Sharon Dalli | | Y | Y | Y |
| David Christie | | Y | Y | Y |
| Darren Paterson | | N | Y | Y |

Membership changes to Pension Board

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

| Police - leavers | Starters |
|---|-----------------|
| Jennifer Adams – Vice Chair Left 31 March 2021 | None |

Pension Board Costs

The Pension Board has incurred fee amounting to £928.00 over the course of the year.

12. Forward Look

Over the coming year the Board will continue to monitor the Agency's service to members and employers and its compliance with regulatory standards and expectations of The Pensions Regulator.

In particular, the Board will continue to focus on improvements to governance as well as customer service and engagement. For example, development of more detailed performance indicators, assessment of member satisfaction, efforts to improve data quality and improved member communications.

The outcome of the Pensions Regulators Relationship Supervision will also support both the SPPA and the Board to recognise other areas for improvement.

The impact on COVID on customer services will remain a matter of interest.

There are a number of significant projects the Board will continue to exercise oversight of as the SPPA manage, namely the impact on pension schemes following court judgements in the McLeod/Sargeant case and the procurement of a new pensions administration system. The procurement and delivery of a new system will take several years to complete.

I look forward to working with the new Independent Vice-Chair over the coming year. The Board will continue to work with the SPPA Senior Leadership Team to maintain the interests of members, employers and other stakeholders.

Shirley Rogers
Chair

Annex A - 2020-21 Year End Summary of Customer Metrics

Year End Annual Benefit Statement Update

As at 31 August 2020, 14,872 (100%) of active members annual statements (for the 2019/2020 scheme year) were available on the online service. However, members were not made aware of the ability to access their statement online. Police statements were issued via a 3rd party mailing provider, the initial instructions from the Agency were to issue all statements by 28 August 2020. Unfortunately the 3rd party was unable to achieve this due to an unforeseen technical issue which occurred at the printing stage. This delayed the issue until 2 September 2020 when they were issued by 1st class post to 100% of eligible members.

As a result the Agency reported the breach to the Pensions Regulator due to the late issue to members. The Pensions Regulator noted the breach, but confirmed that no action was necessary.

Problems encountered in this year's exercise will be highlighted and considered for rectification as part of the Lessons Learned review leading in to the 2020/21 exercise.

Police Pensioner Data Breach

The Board were advised of a data breach involving 38 Police Pensioner members in October 2020 and sought assurance that following a review of the circumstances, lessons learned had led to improved processes. Board members asked that they be informed at the earliest stage in the reporting process. It should be noted that the Information Commissioner reviewed the breach, but no action was deemed necessary.

Key Performance Tracking

Discussion took place across the year regarding the provision of a renewed set of Management Information which would take account of the changes made to the Agency's structure. Information would be tailored and relevant, ensuring Board members were assured that performance was being monitored for forecasting and understanding risks. The Board welcomed the renewed approach and improvements.

| Scheme Membership | 2019/20 | 2020-21 |
|--------------------------|----------------|----------------|
| Members | 15,260 | 16,222 |
| Pensioners | 18,200 | 18,236 |
| Deferred | 2,627 | 3,693 |

Customer Contacts

Note: Due to Covid-19 restrictions, only critical calls relating to Death, Ill Health and Injury Benefit were fielded during 2020-21 and priority areas reported in the management information provided to the Board. The figures are reflective of changes to customer service brought about by Covid-19 restrictions and the necessity to work from home.

| KPI's | 2019/20 | 2020/21 |
|------------------|----------|------------|
| Ave Answer time | 00:01.20 | 34 seconds |
| Call Volume | 85,473 | 25,527 |
| Email response % | 45.02% | 57% |
| Email volume | 53,828 | 153,395 |
| Website | 2019/20 | 2020/21 |
| Total views | 44,095 | 33,189 |
| Calculator views | 33,917 | 25,923 |

Year-on-Year Key Performance Indicators (2019-20 vs 2020-21)

| Key Performance Indicators | Target | Volume | 2019/20 | Volume | 2020/21 |
|------------------------------|--------|--------|---------|--------|---------|
| New Awards (Timeliness) | 98% | 757 | 100% | 568 | 100% |
| New Payments Accuracy | 95% | 1088 | 97.03% | 1009 | 100% |
| Death in Service | 98% | 9 | 100% | 6 | 100% |
| Death in Pension/ Retirement | 98% | 185 | 97.84% | 215 | 97.21% |
| Transfer Value In (quote) | 100% | 305 | 99.67% | 120 | 99.17% |
| Transfer Value In (actual) | 90% | 356 | 78.93% | 131 | 85.50% |
| Transfer Value Out (quote) | 100% | 34 | 97.06% | 16 | 100% |
| Transfer Value Out (actual) | 100% | 31 | 100% | 15 | 100% |
| Estimates | 90% | 1497 | 96.59% | 1146 | 97.38% |
| Divorce CETV | 100% | 106 | 100% | 74 | 100% |
| Divorce PSOD | 100% | 30 | 100% | 20 | 100% |
| Refunds | 97% | 183 | 97.81% | 209 | 99.52% |

| | | | | | |
|--------------------------------|------|-------|--------|-------|--------|
| Ministerial replies | 100% | 0 | - | 2 | 100% |
| Annual Statements | 100% | 14771 | 100% | 14872 | 100% * |
| Annual allowance | 100% | 413 | 100% | 348 | 100% |
| Records Maintenance errors | 95% | 0 | 100% | 2 | 99.99% |
| Records Maintenance up to date | 97% | 15147 | 99.91% | 16099 | 99.75% |

(* 100% refers to being made available online)

Customer Service Complaints

The main themes related to AA, ABS and estimates. Controls have been put in place to improve these processes for 2021-22

| Complaints | 2019/20 | 2020/21 |
|---------------|---------|---------|
| Received | 25 | 18 |
| Upheld | 4 | 7 |
| Partly upheld | 4 | 5 |
| Not upheld | 15 | 7 |
| KPI | 100% | 100% |

Internal Dispute Resolution Procedure

| | Non- Medical |
|-----------------|--------------|
| Carried Forward | 3 |
| Received | 1 |
| Upheld | 0 |
| Rejected | 4 |
| Withdrawn | 0 |
| Outstanding | 0 |
| KPI % | 50% |

The low number of disputes did not reveal any trends.