

# Scottish Public Pensions Agency Framework Document

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Agreed on 5th September 2022

Signed on behalf of Scottish Ministers



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**Tom Arthur MSP**

**Minister for Public Finance, Planning and Community Wealth**

Signed on behalf of the Scottish Public Pensions Agency



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**David Robb, Chief Executive**

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## 1. Introduction

This Framework Document builds on previous frameworks in setting out the relationship between the Scottish Government (SG), Scottish Ministers and the Scottish Public Pensions Agency (SPPA). The SPPA holds Agency status and forms part of the ministerial portfolio for Public Finance, Planning and Community Wealth. The Chief Executive also has a direct line management reporting line to the Director General: Corporate (DG:C), who is also the Agency's Portfolio Accountable Officer (sometimes referred to as 'Fraser Figure'<sup>1</sup>).

The SPPA was formally established on 1 April 1993 as part of the Government's Next Steps Initiative. The Agency was known as 'The Scottish Office Pensions Agency' before changing its name to the SPPA after the establishment of the Scottish Parliament on 1 July 1999. It operates from freehold premises based at 7 Tweedside Park, Tweedbank, Scottish Borders,. It moved to its present location in 2002 and employs around 300 staff (although many staff work remotely for some of the time on a 'hybrid' working pattern).

## 2. Executive Responsibility and Roles

The SPPA is headed by a Chief Executive who is accountable to Scottish Ministers for its management, performance and future development. The Chief Executive holds Accountable Officer status and the roles and responsibilities of the position are set out in the letter of accountability issued by the Permanent Secretary to the Scottish Government.

The principal roles of the SPPA are:

- To administer, on behalf of Scottish Ministers, the public service pension, premature retirement compensation and injury benefit schemes for which Scottish Ministers have administrative responsibility so as to provide an efficient and effective service for those who use the schemes, at an economic cost to the public purse.
- To prepare in accordance with government policy the regulations governing these and other schemes for which Scottish Ministers have regulatory responsibility.  
To determine questions under the regulations on which there is a right of appeal to Scottish Ministers.
- To follow regulatory guidance and codes of practice issued by The Pensions

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<sup>1</sup> . The term Fraser Figure was derived from the report "Making the most of Next Steps" (1991) by Sir Angus Fraser. The 'Fraser Figure' concept was originally intended to provide a senior link between Agency Chief Executives and the parent government department. The role of the Fraser Figure is to act as a focal point within the Scottish Government for supporting and facilitating the work of the SPPA in meeting the Agency's objectives and targets

Regulator in observance of its powers under the Pension Act 2004.

- To advise Scottish Ministers on public sector pensions policy generally; and,
- To be a national centre of expertise for the administration of public pensions and the provision of policy advice.

### 3. Functions

The SPPA undertakes the functions listed below. The SPPA may, in time, undertake similar functions on behalf of other organisations. Subject to adhering to the fees and charges guidance contained in the [Scottish Public Finance Manual](#), the Agency may charge fees sufficient to recover some or all costs incurred in providing those additional activities.

#### 3.1 Functions related to NHS, Teachers', Firefighters' and Police Pension Schemes and Injury Benefit Schemes

- Maintaining records to support the operation of the schemes.
- Calculating, authorising and paying pensions, other benefits and any other sums due on retirement and thereafter under schemes' regulations (including injury benefits schemes for NHS, Police and Firefighters).
- Calculating, authorising and paying pensions to spouses/partners and dependents on the death of a member/pensioner.
- Maintaining systems to support the prompt and accurate payment of such sums due.
- Processing elections made under the regulations by members.
- Calculating and paying refunds of contributions and providing services to support the purchasing of additional pension.
- Calculating and paying the transfer of pension rights to and from other pension providers.
- Providing information to members and their employers, to their agents and to UK Government Departments such as the Department for Work and Pensions and the HMRC.
- Maintaining facilities for Additional Voluntary Contributions for scheme members, as laid down in the schemes' regulations.
- Collecting sums due to the Scottish Ministers under the regulations (not Police and Fire Schemes).
- Maintaining accounts of income and expenditure under the regulations (not Police and Fire Schemes).
- Preparing budget estimates of income and expenditure and monitoring actual payments against estimates (not Police and Fire Schemes).
- Providing accurate information to other parts of the Scottish Government and to the schemes' actuaries for accounting and valuation purposes.
- Liaising with HM Treasury, other UK Departments and bodies regulating and administering public service pensions.

- Providing services in support of the governance framework created by the Public Service Pension Act 2013 for the pension schemes for which the Agency has administrative responsibility.
- Providing Cash Equivalent Transfer Values for divorce purposes and the implementation of Pension Sharing on Divorce orders for which income is generated.

### **3.2 Functions Related to Regulation of Schemes**

- Participating in the development of public service pensions policy with the HM Treasury and other interested UK Government Departments, and consulting with Scottish representatives of employers and members of the schemes.
- Advising the Scottish Government and the Scottish Ministers on the implications for their areas of responsibility of pension policy developments.
- Preparing and promulgating statutory regulations for four unfunded devolved public service pension schemes and injury benefit schemes, and the funded local government pension scheme.
- Advising local authorities and other bodies involved in administration of the schemes.
- Determining questions under the regulations where there is a right of appeal to the Scottish Ministers.

### **3.3 Services provided under negotiated Service Level Agreements (SLAs), where appropriate**

- Maintaining records, calculating benefits, and other pension services for schemes with a workforce attached to certain Non-Departmental Public Bodies sponsored by the Scottish Government and funded on a repayment basis.
- Providing advice to Directorates of the Scottish Government and to the Scottish Ministers on public service pensions policy in general and pension.
- Providing statistical information to other parts of the Scottish Government from pension records.

## **4. The Agency's Corporate Plan and Annual Business Plan**

The Agency Vision and Strategic Aims are laid out in our [Corporate Plan](#) for the period 2022 through 2027. This is supplemented by an [Annual Business Plan](#) which outlines our key business priorities that will help us deliver stability and improvements on the key themes from the Corporate Plan. Annual colleague objectives and performance management will be based around the tasks to achieve the Agency's priorities which are articulated in the Annual Business Plan.

## **5. Values**

In 2018, the SG launched the updated [National Performance Framework](#). The framework sets out the SG's Purpose and Values.

Colleagues at the SPPA also seek, at all times, to uphold the core values of the [Civil Service Code](#). Colleagues are expected to apply an ethical approach to their work by following the Code. This may involve identifying possible threats to core values and either avoiding possible conflicts or resolving existing conflicts in both a professional and ethical manner and in the context of observing the public interest.

The SPPA expects all Board Members to observe and uphold '[Nolan's 7 Principles of Public Life](#)'. The SG identified nine key principles underpinning public life in Scotland, which incorporated the seven Nolan principles and introduced two further principles: Duty (Public Service) and Respect. The SPPA has incorporated the principles into its [Board Members' Code of Conduct](#).

## **6. Performance Standards, Key Performance Indicators and Targets**

The [National Performance Framework](#) includes National Outcomes describing what the SG wants to achieve. The National Outcomes aim to:

- Reflect the values and aspirations of the people of Scotland.
- Align with the United Nations Sustainable Development Goals.
- Help to track progress in reducing inequality.

As an Executive Agency of the SG, the SPPA makes every effort to support the national purpose and aligns its aims to contribute directly to the Scottish Government's National Performance Framework and the National Outcomes described within.

In furtherance of its roles and contributing to the National Outcomes, the SPPA sets performance standards in the following areas:

- Timely, accurate and value-added service to members of pension schemes administered by the SPPA, and their employers.
- Timely and accurate collection and payment of sums due under these schemes, and their proper accounting and budgeting.
- Timely and accurate publication of information about changes to scheme policies and regulations to local authorities and other bodies administering schemes regulated by the SPPA.
- Value for money in delivering a cost-effective service.
- Relevant, timeous and accurate policy advice to Scottish Ministers on pension matters for which they have devolved responsibility.
- Timely and accurate regulations and development of schemes for Scottish Ministers who have devolved responsibility in accordance with relevant policy.

Performance standards form one part of the Agency's Key Performance Indicators (KPIs). Performance standards also feature in SLAs drawn up between the SPPA and representatives of the Scottish Police Authority and Scottish Fire and Rescue Service.

Agency Outcomes and key performance targets are agreed by Scottish Ministers as part of the Agency's Strategic and Business Plan approval process. Business priorities are set out annually in the Agency Business Plan and describe in more detail how performance targets will be met and are set internally. Key business priorities and the Key Performance Indicators (KPIs) are monitored on a regular basis by the SPPA Executive Team and [Management Advisory Board](#) (MAB).

## **7. Service Delivery and Governance**

### **7.1 Role of Scottish Ministers**

Occupational pension policy is a reserved matter under UK law. The role of Scottish Ministers, as the Responsible Authority, is to produce the detailed public service pension scheme regulations for the NHS, Teachers', Firefighters', Police and Local Government pension schemes in Scotland in light of advice from the SPPA. The Responsible Authority may also seek advice from each of the Scheme Advisory Boards which exist to provide advice to the Responsible Authority on request.

Agreement with HM Treasury is required before regulations can be made for the NHS and Teachers' schemes, and a Memorandum of Understanding between the SG and HM Treasury in respect of their responsibilities for those schemes is maintained. As appellate authority and administrative authority for certain schemes, Scottish Ministers take decisions in individual cases depending on the circumstances. The SPPA maintains a [Statutory Framework](#) that governs the schemes regulated and administered by the SPPA on behalf of Scottish Ministers.

Scottish Ministers are also Scheme Manager of, and legally responsible for, the operational management of pension schemes devolved in line with legislation. The SPPA acts as Scheme Manager on behalf of Scottish Ministers on a day-to-day basis for the [named schemes](#). Scottish Ministers would not normally intervene in the Agency's principal role of administering public service pensions for the schemes covered by this Framework Document.

Scottish Ministers also determine the scope of the SPPA's responsibilities in administering the Scottish NHS, Teachers', Police and Firefighters' schemes; its strategic objectives; the extent of the authority delegated to the Chief Executive; the resources allocated to the SPPA; and its strategic plan key performance targets. They exercise these responsibilities in light of advice from the DG:C and others as they consider appropriate, by:



- Holding the Chief Executive to account for the SPPA's performance.
- Approving the Framework Document and any revisions to it.
- Approving the SPPA's Strategic Plan.
- Setting the administration budget for the SPPA and making available resources for any time-limited development projects
- Receiving the Annual Report and Accounts from the Chief Executive as Accountable Officer for the Agency and NHS Pension Scheme (Scotland) [NHSPSS] and Scottish Teachers' Pension Scheme [STPS].

## 7.2 Role of Director General: Corporate

The DG:C oversees the performance of the SPPA Chief Executive. The DG:C will have regular performance conversations with the Chief Executive where they will act as a focal point within the SG for supporting and facilitating the work of the Chief Executive in meeting the Agency's objectives and targets. They advise Scottish Ministers on how the SPPA's proposed Strategic Plan fits into the wider SG policy objectives and on the level of resources that should be made available to the SPPA.

The DG:C may delegate the responsibilities above to a nominee. Therefore, a nominated Deputy Director may act in the capacity of a 'Portfolio Accountable Officer' in representing the respective interests of the SPPA, Corporate within the Finance Portfolio and with Scottish Ministers.

The DG:C has the following responsibilities in respect of pension schemes and of the SPPA:

- To advise Scottish Ministers in the exercise of their responsibilities as stated above.
- Recruitment and performance appraisal of the Chief Executive.
- Ensuring the relationship between the Chief Executive and Ministers is appropriate and working effectively.
- Ensuring that the SPPA's objectives and performance contribute to, and are part of, the Portfolio as a whole; and are aligned to the Government's National Purpose and National Outcomes as set out in the National Performance Framework.
- Ensuring that there is a clear framework for strategic performance improvement and management of the SPPA's work; providing support and constructive challenge to ensure that the SPPA is high-performing and continuously improving; and, ensuring that operational accountability is being exercised properly.
- Monitoring the financial performance, operational effectiveness and risk management arrangements of the SPPA on the basis of direct participation in the Agency's governance, information and advice from the Chief Executive and from central SG finance function, seeking clarification on any matter, as and when, required.
- Approving matters not covered by the [Delegated Financial Authority](#).



- Ensuring that the SPPA is taking steps to improve its operating efficiency, including through participation in collaborative procurement and shared service arrangements.
- Being accessible to hear any escalated concerns from Non-Executive MAB & ARC members.
- Promoting integration and organisational alignment between the Agency and the SG as appropriate, e.g. by involving the Agency's Chief Executive within portfolio management arrangements; holding regular meetings with the Chief Executive; ensuring the Chief Executive is aware of the SG-wide strategic developments and decisions impacting on the Agency; and ensuring that the position of the Agency is taken into account in relevant SG policy decisions.
- Representing the interests of the Agency within the wider SG, ensuring the SG has due regard for the advice provided by the Agency and ensuring the Agency Chief Executive is aware of the SG-wide strategic developments and decisions impacting on the management or operations of the Agency and that where necessary support services are provided to facilitate the work of the Agency as set out in the [Summary of Support Services provided to the SPPA](#).
- Ensuring that an appropriate Framework Document is in place and maintained. In practice, such documents are prepared by the Agency in consultation with the core SG before being submitted to the DG for approval.

### 7.3 Role of the Chief Executive

The SPPA is an Agency of the SG working on behalf of the Scottish Ministers. Scottish Ministers are the responsible authority for the five devolved public service schemes and the scheme manager of each of the unfunded schemes. The Chief Executive is accountable to Scottish Ministers for the operation of the Agency; for its day-to-day management in accordance with this Framework Document and the Strategic Plan; and for planning its future development. ~~OBJ~~ The Chief Executive therefore reports to Scottish Ministers regularly on a basis agreed between them.

Chief Executive duties include:

- Responsibility for the SPPA's overall financial performance, its efficiency and cost-effectiveness, and achievement of its performance against key targets.
- Responsibility for the SPPA's quality of service and achievement of its key performance targets and service standards.
- Keeping under review the provisions of the Framework Document and proposing any desirable changes.
- Responsibility for the management of risk within the Agency.
- Ensuring that all relevant financial considerations and SG guidance, including issues of propriety, regularity, efficiency and value for money, are taken into account in delivering the Agency's business.
- Preparing a five year rolling Strategic Plan and Annual Business Plan, including proposing performance targets and bidding for resources. This is supported by individual Business Plans for Agency business areas.
- Preparing, submitting to Scottish Ministers and publishing the SPPA's Annual Report and Accounts.

- Preparing, submitting to Scottish Ministers and publishing annual reports and accounts for the STPS and NHSPSS.
- Preparing and submitting data to scheme actuaries to inform annual reports and accounts for the Police and Firefighters' Pension Schemes in Scotland.
- Responsibility for the SPPA's delegated personnel management responsibilities, including the recruitment, motivation, development and training of its staff and the maintenance of good employee relations.
- Providing, after appropriate consultation, advice and information to Ministers and other parts of the SG on pensions arrangements in organisations and services for which they have responsibilities and on public pensions policy generally.
- Being Accountable Officer for the SPPA's administration costs and for income and expenditure related to the STPS and NHSPSS.
- Ensuring Best Value in all aspects of the SPPA's operations, both front line delivery and corporate support functions, including the use of collaborative procurement and shared service arrangements where participation offers value for money for the SPPA or to the wider public purse.
- Ensuring that recognised best practice approaches are used to protect the SPPA's assets (people, information and infrastructure) in order to achieve a proportionate and risk-managed approach to security which enables the business to function effectively, safely and securely.
- Ensuring that the Agency works to reduce its carbon footprint and to meet other Net-Zero obligations.
- Ensuring that the SPPA continues active participation as a Cyber Catalyst organisation in respect to the Scottish Cyber Resilience: public sector action plan.
- Publishing information in conformity with the Public Services Reform (Scotland) Act 2010.
- Adherence to Data Protection Legislation.
- Replying to correspondence from MSPs on operational issues within the SPPA's responsibilities.
- Supporting Ministers by preparing Ministerial briefings and responses to Ministerial correspondence and Written or Oral Parliamentary Questions.
- Approving direction body status on the advice of the SPPA Policy function which extends membership of the NHS Pension Scheme to employees of non-NHS bodies engaged in the provision of Health Services (e.g., charitable organisations and voluntary bodies) in accordance with section 7(2) of the Superannuation (Miscellaneous Provisions) Act 1967.
- Recruitment and appointment of independent Board positions (MAB members, Pension Board Chairs and Vice-Chairs), which are deemed ministerial appointments.
- Approval of employee and employer representative nominations to Scheme Advisory Boards and Pension Boards.

#### **7.4 Role of the Management Advisory Board**

The Chief Executive will be assisted in their responsibilities by a MAB which will meet with sufficient regularity and at optimal times during the year in order to ensure that it is able to fulfil its role included in its Terms of Reference (TOR) found [here](#).

Membership comprises:

- The SPPA Chief Executive.
- Between two and eight Members appointed by the SPPA, one of whom will be delegated by the Chief Executive to Chair the Audit & Risk Committee (ARC) and whose responsibilities are set out in the TOR found [here](#).

Ordinarily, the SPPA Executive Team will be invited to attend all scheduled meetings. Chairs of Pension Boards, or vice-chairs in their absence, may receive invitations to observe meetings when appropriate, at the discretion of the Chief Executive.

The MAB is in place to assist the SPPA in the strategic planning and delivery of its functions and to offer advice, scrutiny and constructive challenge to the Chief Executive and Executive Team; assisting SPPA to improve performance, promote good governance, and properly identify and manage risk. MAB members are not a non-executive board appointed to hold the Chief Executive and Executive Team to account.

The appointment of Members to the MAB will be made by the Chief Executive via an open recruitment process that follows the SG public appointments recruitment guidelines. Appointments will be made on the basis of the Agency's specific business needs and to achieve as diverse a membership and skill set as possible. The selection panel would typically comprise the Chief Executive, an existing MAB Member and one other senior official.

## **7.5 Audit and Risk Committee (ARC)**

To support the Chief Executive, the MAB has the discretion to establish a committee to operate as the ARC to advise the Accountable Officer. This Committee would provide assurance on levels of internal control, including corporate governance, risk management and audit matters. Membership comprises:

- At least three members, all of whom should be MAB members or other independent external members.
- One of the independent Members acting as Chair.

The ARC will meet with sufficient regularity and at optimal times during the year in order to ensure that it is able to fulfil its role included in its TOR found [here](#).

The principal role of the ARC is to review and report on audit plans, audit reports, the annual report and accounts as well as the pension scheme statements. The Committee will also review the systems of internal control, in particular the Agency's Risk Register and high-level Risk Management plans, to allow the Agency's

Accountable Officer to sign the annual Governance Statement that is provided alongside the Annual Report and Accounts. Where further guidance on the operation of the Committee is required, reference will be made to the [SG's Audit Committee Handbook](#).

## 7.6 Role of Pension Boards

In line with scheme regulations and expectations set by The Pensions Regulator (TPR), a Pension Board has been established for each of the four schemes that the SPPA administers. These will meet with sufficient regularity and at optimal times during the year in order to ensure that it is able to fulfil its role. The principal role of the Pension Board is to assist 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 as set out by The Pensions Regulator. Whilst the role of the MAB is to focus on matters of corporate strategic planning and delivery, the Pension Boards are expected to focus primarily on scheme specific operational delivery matters that impact members or employers.

The relationship that exists between the Pension Board and other governance bodies in the Agency and ultimately Scottish Ministers is set out in a [Governance Schematic](#).

The TORs for each of the four Pension Boards can be found here:

- [Scottish Teachers Pension Scheme Pension Board](#)
- [NHS Scotland Pension Board](#)
- [Scottish Firefighters Pension Board](#)
- [Scottish Police Officers Pension Board](#)

Membership of each pension board will comprise of:

- An independent chair.
- An independent vice-chair.
- Between three and six nominated individuals representing member interests.
- Between three and six nominated individuals representing employer interests.

The SPPA will be represented at the Board by the Chief Executive or another member of the Executive Team although they will not be Board members. The number of members to make meetings quorate is given in the individual pension board TORs.

The independent chair and vice-chair for each board are appointed by the SPPA Chief Executive, an independent panel member and one other senior official. Board members representing member and employer interests will be nominated by appropriate organisations and approved by the scheme manager. The number of member and employer representatives on a Pension Board must be equal in

number at all times. All pension board members have a duty to act in accordance with scheme regulations and other governing documents, as set out in this Framework.

## **7.7 Role of Scheme Advisory Boards**

The purpose of the Scheme Advisory Boards is to provide advice to the Responsible Authority, at the Responsible Authority's request, on the desirability of changes to the design of the individual schemes and the implication of other policy issues. The Responsible Authority for these purposes is the Scottish Ministers with the Minister for Public Finance, Planning and Community Wealth taking the lead as the Minister with pensions responsibility.

The relationship that exists between the Scheme Advisory Board, Scottish Ministers and other governance bodies is set out in a [Governance Schematic](#).

The SPPA will provide general and technical pension policy advice to the NHS, Teachers', Police and Firefighters' Scheme Advisory Boards and also to the Local Government Pension Scheme Advisory Board.

Board members representing member and employer interests will be nominated by appropriate organisations and approved by the Scheme Manager. The number of member and employer representatives on a Scheme Advisory Board must be equal in number at all times.

## **8. Accountability**

### **8.1 Scottish Ministers**

Scottish Ministers are responsible to the Scottish Parliament for the functions assigned to the SPPA.

Scottish Ministers will encourage MSPs to communicate with the Chief Executive on any matter delegated to the SPPA in this Framework Document. Members of Parliament (MPs) of the UK Government are similarly encouraged to communicate directly with the Agency in appropriate circumstances. MPs and MSPs who are dissatisfied with a reply may raise the issue with Scottish Ministers who will also ensure, by instructions to the Chief Executive, that any matter on which it is proper for them to reply in the first instance is referred to them without delay.

The Chief Executive will provide Scottish Ministers with any information necessary to answer Parliamentary questions or deal with any other Parliamentary business about matters delegated to the SPPA.

The Pensions Regulator is the body that regulates occupational and personal pension schemes provided through employers. The Public Service Pensions Act

2013<sup>2</sup> (the 2013 Act) introduced a framework for the governance and administration of public service pension schemes and provided an extended regulatory oversight by the Regulator. On behalf of Scottish Ministers, the SPPA act as Scheme Manager for the public pension schemes administered in Scotland and named in this Framework Document. Acting as Scheme Manager, the SPPA must ensure that in administering the schemes, on a day-to-day basis, that they comply with its statutory requirements and the codes of practice issued by the Regulator which has a range of enforcement powers. The exercise of the delegated authority by the SPPA will be subject to review by the Pension Boards in fulfilling their role in assisting the SPPA to comply with the scheme regulations and other legislation relating to the governance and administration of the scheme and any requirements imposed by the Regulator. Scottish Ministers may also identify and implement key performance standards that aim to ensure compliance with scheme and overarching legislation as well as the Regulator's code of practice.

## **8.2 Accountable Officer Arrangements**

The Permanent Secretary of the SG is the Principal Accountable Officer for the Scottish Government. DG:C has been designated as the Portfolio Accountable Officer by the Permanent Secretary. In the SG Scheme of Delegation, the Chief Executive of the SPPA is the Agency's Accountable Officer. The Chief Executive signs the accounts covering the administration costs of the SPPA and the accounts for the NHS and Teachers' Pension Schemes. The Chief Executive also provides such information and assurances as are necessary to enable the consolidated accounts of the SG to be signed.

The great bulk of SPPA funding is received from the SG through the passing of the annual Budget. An expenditure budget is set annually by the Agency to achieve a balanced financial position.

The Chief Executive is responsible for the prudent and economical management of the Agency's resources, including proper stewardship of the Teachers', NHS, Police and Fire Pension Schemes, for the propriety and regularity of its expenditure and receipts and for ensuring that the Agency observes relevant guidance issued by the Scottish Ministers.

The Chief Executive and DG:C, in their Accountable Officer roles, are both liable to be summoned to appear before the Public Audit Committee of the Scottish Parliament on the discharge of their responsibilities. It will be for Scottish Ministers to decide who should represent them at other Parliamentary Committee hearings. In practice, where a Committee's interest is confined to the day-to-day operations of the SPPA, Scottish Ministers will normally regard the Chief Executive, who will call on such specialist or technical support as they may require, as the person best placed to appear on their behalf.

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<sup>2</sup> The Pensions Act 2021 became law on 11 February 2021, however no major changes were made to the framework governing public service pension schemes



### 8.3 Whistleblowing

Any of the SPPA's members of staff or any Non-Executive MAB or ARC member may highlight suspected wrongdoing under the Scottish Government's Whistle-Blowing Procedure.

### 8.4 Complaints and Disputes

In the event of dissatisfaction with a decision made by the SPPA, a member, dependant, pensioner or other person with an interest in the scheme, may bring a case for consideration under the Internal Dispute Resolution Procedures (IDRP), which conforms to Section 50 of the Pensions Act 1995. Following this procedure, a case may be referred to the Pensions Ombudsman (PO).

A guide to the SPPA IDRP is available on the SPPA website as follows [Internal Dispute Resolution Procedure](#).

If a complaint is received from an SPPA customer in relation to services provided in any SPPA business area, the Complaints Handling Procedure is followed. A guide is available to customers and staff on the actions to follow, which conforms to the Scottish Public Services Ombudsman's (SPSO) Complaints Handling Procedure.

A guide to the process is available on the SPPA website as follows [SPSO Complaints Handling Procedure](#).

### 8.5 Scottish Public Services Ombudsman

The Public Services Reform Act 2010 gave the SPSO the authority to lead the development of a simplified and standardised Complaints Handling Procedure. The PO was established in 1990 as an alternative to Court action.

The SPPA may be subject to investigation by the SPSO and/or the PO who will deal directly with the Chief Executive in any cases where a complaint is made. The SPSO and the PO will agree which body will act as the lead organisation for any case referred to both bodies. SPSO is the final stage for handling complaints and the PO is the final stage for handling disputes. Both organisations would only normally look at a complaint after they have been through the SPPA's own internal complaints system. The SPSO Complaints Handling Procedures is available on the SPSO website at <https://www.spsos.org.uk/how-complain-about-public-service>. The PO will consider cases where pension legislation or scheme regulations are at the heart of the complaint.

## 9. Resource Planning and Management

### 9.1 Finance



The use of resources by the SPPA is authorised by the Scottish Parliament in the annual Budget. Its level of resourcing allows for the Agency to carry out its business.

The SPPA may, within the terms of its income generation strategies, undertake services other than those specified, on a repayment basis. The SPPA may set fees in accordance with the fees and charges guidance in the [Scottish Public Finance Manual](#).

## 9.2 Planning

The Agency's plans will encompass:

- The aims and strategic objectives of the SPPA.
- The main tasks and priorities of the SPPA.
- The resource implications for achieving these tasks and priorities.
- Strategy for improving value for money and quality of service.
- Strategy for dealing with external factors influencing the work of the SPPA.
- Contingency plans for reasonable unexpected tasks and for emergencies.
- Forecasts of income and expenditure.
- Proposals for additional financial and management flexibilities.
- Annual performance and financial targets.
- Learning and development strategy.

In response to public spending reviews the Chief Executive will submit, for approval by Scottish Ministers, a Strategic Plan covering five forward years or more. The Strategic Plan will present the SPPA's proposed overall strategy and identify projected resource requirements over the relevant planning period. The Strategic Plan will include key targets, agreed by Scottish Ministers, which will form the main basis against which the Agency's performance will be judged.

Where policy or circumstances change significantly, Scottish Ministers or the Chief Executive may propose changes to targets and financial resources included in the Strategic Plan. Any material changes will be subject to approval by Scottish Ministers after consultation with the Chief Executive and will involve an agreed prior notification period.

The Agency will also prepare an Annual Business Plan, consistent with the agreed Strategic Plan, including key targets and milestones for the year immediately ahead.

## 9.3 Annual Report and Accounts

The Chief Executive will prepare and sign-off an Annual Report and Accounts. The process for preparing and delivering the document is set out in the SG [Scottish Public Finance Manual](#) and the format of the accounts follows HM Treasury's annual [Government Financial Reporting Manual](#) publication.

The Annual Report will review the SPPA's performance in the context of the Agency's business model; its strategic direction; the financial targets and performance measures set out in the latest strategic plan; and the key risks which were managed during the year. The Accounts, covering the Agency's administration costs, will be prepared in accordance with a direction from the Scottish Ministers under [section 19\(4\) of the Public Finance and Accountability \(Scotland\) Act 2000](#). The SG's CFO will sign the direction authority on behalf of Scottish Ministers.

The Chief Executive will arrange for the audited [Annual Report and Accounts](#) to be laid before the Scottish Parliament and published as soon as reasonably practicable following the end of each financial year; and no later than the statutory deadline of 31 December. The Accounts must not be laid before they have been formally sent by the Auditor General to Scottish Ministers and must not be published before they have been laid before Parliament.

The Chief Executive shall also prepare and sign annual pension scheme statements for the NHS and Teachers' Schemes in accordance with directions from Scottish Ministers. The Chief Executive shall arrange for the audited statements to be laid before the Scottish Parliament and published. The administrative arrangements and regulatory requirements relating to the laying and publishing of the accounts covering the Agency's administration costs apply equally to the pension scheme statements. The Agency will operate financial and management accounting systems which enable management to review performance continually against budgets and targets.

The Chief Executive is responsible for maintaining a robust system of internal control that supports the achievement of the Agency's policies, aims and objectives and for regularly reviewing the effectiveness of that system. In the Agency's Annual Report and Accounts, the Chief Executive provides a Governance Statement as part of the Corporate Governance Report, including information on risk management and internal control arrangements.

## **9.4 Risk Management**

The Chief Executive is responsible for implementing and monitoring risk management arrangements as part of a robust corporate governance framework. This requires the active monitoring and reporting of risks in conjunction with reviews by the ARC and the advice of internal and external audit.

## **9.5 Financial Delegations**

The Agency operates delegated financial budgeting: financial authorities are set out in its [Scheme of Financial Delegation](#) document. The scheme outlines the authorisations delegated to the Chief Executive and their staff. The Chief Executive will review these limits regularly with a view to maximising delegations that will assist in achieving the SPPA's agreed objectives and ensuring business flow. The Chief Executive will be responsible for ensuring that relevant financial procedures are

followed and may delegate functions in writing in accordance with relevant guidance in the [Scottish Public Finance Manual](#). Further delegations of write-off authority by the Chief Executive may include delegation to anybody contracted to make pensions or associated payments on behalf of the SPPA, to avoid disproportionate administrative costs arising in dealing with write-offs of minor amounts.

## 9.6 External Audit

The SPPA Financial Statements and the NHS and Teachers' Pension Scheme Statements are subject to external audit by the Auditor General for Scotland or by auditors appointed by the Auditor General for Scotland.

## 9.7 Insurance and Contingent Liabilities

The SPPA's risks, including public and employer liability, will be carried in line with the SG's policy on insurance. The Chief Executive will keep the SG's CFO informed of the level of any contingent liabilities, including where possible an assessment of their values. Where appropriate, the Chief Executive will report contingent liabilities to the Scottish Parliament, seeking prior approval where necessary in line with the [Scottish Public Finance Manual](#).

## 9.8 Internal Audit

The Chief Executive, in consultation with the internal auditors and the ARC will ensure that a system of internal audit is provided in accordance with **Public Sector Internal Audit Standards**. Internal audit will have the right of access to the Agency and if necessary, after consultation with the Chief Executive, give independent assurance to the DG:C, in discharging their responsibilities.

## 10. Human Resources

### 10.1 Status of Staff and Conditions of Service

The Chief Executive and the SPPA permanent staff are members of the Home Civil Service employed by Scottish Ministers and are employed on the SG terms and conditions of service. Colleagues are covered by Civil Service pension arrangements unless an election is made to opt out.

The Chief Executive may consider it necessary for business reasons to review the terms and conditions of service of colleagues. Where proposals for change go beyond the scope of the Chief Executive's delegated authority, they will require the approval of the SG's People Directorate. All such proposals will be subject to normal consultations, including consultations with staff and the Council of Scottish Government Unions.

### 10.2 Civil Service Code

All SPPA staff will comply with the [Civil Service Code](#).

### 10.3 Human Resource Management

The Chief Executive is responsible for determining the number and grades of colleagues employed by the SPPA and its management structure up to but not including the Senior Civil Service. The Chief Executive may only create posts in the Senior

Civil Service subject to the express approval of the SG's People Directorate. The Chief Executive is ultimately responsible for the day-to-day management of all the SPPA colleagues, and for the implementation of any release or severance arrangements appropriate for the Agency. Any such arrangements must comply with the section of the [Scottish Public Finance Manual on Settlement, Severance, Early Retirement & Redundancy Terms](#).

The SPPA aims to offer its colleagues career development opportunities and is committed to continuous learning. The Chief Executive is responsible for ensuring equal opportunities exist within the Agency. They also have a responsibility to ensure that the requisite level of HR management expertise is available locally and from the SG. In addition, staff serving in the SPPA can obtain advice on training and career opportunities within the Agency, the SG and the wider Civil Service.

All staff can transfer between the SPPA and other parts of the SG as a consequence of career planning, progression and promotion, subject to the agreement of the Chief Executive and the People Directorate. In addition, the Chief Executive may recruit temporary staff and external candidates, directly, to fill selected posts excluding senior civil service posts. Appointments are made in accordance with the provisions of the [Civil Service Commission's Recruitment Code](#) and with due regard to the availability of staff elsewhere in the SG. The Chief Executive will consider sympathetically and positively requests from staff to pursue their careers wholly or partly within the SPPA, in line with the Agency's needs for developing specialist skills and experience.

### 10.4 Training and Development

The Chief Executive is responsible for the training and development of all staff and will keep under review the training and staff development strategy of the Agency. The strategy will take account of the SPPA's business priorities and KPIs, as set out in its Strategic Plan. In implementing the strategy, annual training plans based on the individual development needs will be prepared.

### 10.5 Equality, Diversity and Inclusion

The SG and the SPPA will adhere to the [Equality Act 2010](#) to eliminate discrimination and unfair treatment on the grounds of differences including sex, marital or civil partnership status, age, race, ethnic origin, sexual orientation, disability, religion or belief, working pattern, employment status, gender identity

(transgender) caring responsibility or trade union membership. The Agency will act as an equal opportunities employer and aim to produce an organisational culture that is welcoming and supportive of all staff.

The SPPA will also support the SG's commitment to increasing the diversity of staff and to develop them, ignoring differences, valuing their different perspectives and skills and making use of these in the workplace.

## **10.6 Pay and Performance Incentives**

The Chief Executive exercises the pay and allowance flexibilities available to the core SG and Agencies in relation to all the SPPA colleagues.

## **10.7 Colleague Relations**

The Chief Executive will determine, after consultation with staff and the Council for Scottish Government Unions, what arrangements are necessary to foster good colleague relations. The SPPA is committed to enforcing the Scottish Government's Partnership Agreement with the Council of Scottish Government Unions which puts joint decision making and reaching mutually acceptable arrangements which benefit colleagues and effective running of the Agency at its core.

## **10.8 Alternative Working Patterns**

The Chief Executive is free to develop new working patterns for all the SPPA colleagues, subject to business needs and consultation with trades unions under any national and/or local Partnership Agreement.

## **10.9 Health and Safety**

The Chief Executive has responsibility for ensuring that arrangements for meeting current legislative and best practice standards for Health and Safety are operating effectively.

## **10.10 Welfare**

The Agency will have access to arrangements made by the SG for colleague welfare. The welfare of staff in terms of their physical working environment will be the responsibility of the Chief Executive.

# **11. Support Services**

## **11.1 Use of Contractors**

The Chief Executive may, after following appropriate procurement processes, appoint contractors to perform elements of the Agency's functions. Contracts

that fall into the category of consultancy will be subject to the following approval limits:

- Up to £50,000: Chief Executive
- Above £50,000: Cabinet Secretary for Finance based on the endorsement of the Chief Executive

Subject to the above conditions and to the requirement not to exceed the total budget, the Chief Executive may switch expenditure among a range of services and obtain them from whichever supplier offers best value for money. To the maximum extent possible, budgets for individual support services will reflect their full economic costs.

## **11.2 Other Scottish Government Support Services**

The Agency draws upon [Support Services](#) and advice from the SG in the following areas:

- Procurement
- Legal Advice
- IT and Digital Services
- Finance
- Internal Audit
- HR

Where the service provider is able, the service standards and (where appropriate) charging mechanisms and charging rates for each of these areas are to be jointly agreed with the Agency and any changes are subject to an agreed notice period. The Chief Executive will keep the provision of support services under review as part of ensuring best value in all aspects of the Agency's operations. This includes the use of shared service arrangements where participation offers value for money for the Agency or to the wider public purse. The Agency will report annually on the steps taken during each financial year to improve efficiency, effectiveness and economy (including details of shared services activity), under the terms of the Public Services Reform (Scotland) Act 2010 and the associated guidance.

## **12. Administration of Framework Document**

### **12.1 Amendment and Review**

This Framework Document will be reviewed at regular intervals and kept aligned to the changes in stated supporting documentation, in light of experience or changed circumstances. The Chief Executive may, at any time, propose amendments to any of the provisions in the Framework Document in the interests of the efficient and effective management of the SPPA.

The DG:C, or their nominee, will be consulted on any proposed material changes prior to submission to Scottish Ministers for approval. Where the proposed changes relate to staff terms and conditions of service they will also be the subject of consultations under the extant arrangements in operation at the time.

## **12.2 Publication**

Copies of this Framework Document, and of any subsequent changes, will be placed in the library of the Scottish Parliament and published on the SPPA website.

## **12.3 Enquiries**

All enquiries about this Framework Document should be addressed in the first instance to:

The Chief Executive  
Scottish Public Pensions Agency  
7 Tweedside Park  
Tweedbank  
Galashiels  
TD1 3TE  
E-Mail: [SPPAChiefExecutive@gov.scot](mailto:SPPAChiefExecutive@gov.scot)