



Scottish Public
Pensions Agency

Buidheann Peinnseanan
Poblach na h-Alba

Annual Report and Accounts 2021-22

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SG/2022/251

Performance Report: Overview

1.1 Chief Executive Statement by David Robb



This is my first reporting year as substantive Chief Executive. It is a privilege to lead this great Agency – with talented, dedicated staff, a proud heritage and a real desire to provide a better service to over 500,000 of Scotland’s key workers. We have also been at the forefront of developing and delivering key pensions policy in Scotland for over 20 years and will continue to meet new challenges as they arise.

Operational improvement

As pensions have become more complex through scheme diversification, we have not been able to move our technology or ways of working along at a pace that we all would have hoped for. We remain however firmly committed to member driven operational improvement. This reporting year we have started a large-scale review of our Operations processes and operating model to understand where it can become more efficient and make the right improvements. Use of our new management information dashboard to support decision making will ensure that we are set up and organised in the right way to deliver.

We will identify areas of improvement when reviewing internal processes and we will also continue to work with our current platform supplier to review our systems processes to ensure that we are maximising value and minimising inefficiency.

Our people

It has been a year of considerable challenge, but I am confident that we closed the business year far better placed than we were when we first started. Our people are our greatest asset and their dedication during the last couple of unprecedented years for the Agency has been impressive – with changes to our ways of working enforced by the pandemic, an interim structure and operational challenges.

So how are we tackling this? Firstly, here’s what we’ve been doing in terms of our people.

- **Covid-19 and hybrid working:** The past two years of the pandemic have been challenging for many of our people, both personally and professionally. The safety and wellbeing of our people will always be our number one priority. We want every person who works at the SPPA to feel equipped and empowered to adopt a more flexible approach to work – one that better meets the needs of our people and the needs of this business, whilst continuing to take every step possible to stay safe. We want to create a hybrid working environment that sets our people up for success, promotes collaboration and maintains safety, whilst promoting wellbeing in the workplace.

Performance Report

- **Resourcing and capability:** This has been a key people priority in the past year. Despite the challenging recruitment market, 63 new colleagues joined us, and they have brought a wealth of new skills and experience to the SPPA. In the year ahead we have committed to build an effective workforce plan which will make our recruitment profile more predictable and ensure that we make better use of our people's skills, knowledge and experience, in order to retain, engage and invest in our people.
- **Leadership stability:** The permanent leadership structure now in place will provide stability, improvement and better clarity on roles and responsibilities, specifically senior level accountability. To reduce key person dependency and improve succession planning, the Executive Team will be supported by a wider Leadership Group.

Serving our members

Aligned to regulatory change, scheme member expectations are evolving in response to new technology. Understanding these changes is an important challenge for the Agency. We need to better align our processes with the needs of our members and to do so cost effectively.

So, in January 2022 we started work to launch our new Vision to clearly articulate the way forward for the SPPA. Our Vision realigns us with our true purpose for today, linked to building a more effective and efficient, value-driven Agency for tomorrow.

That is why we must focus on a stable operating environment, ably supported across the Agency. To do this well, we have set ourselves clear and ambitious Strategic Aims and Priorities aligned to our Ways of working and Vision (see page 6). These will improve how we work, provide clearer value for money and enhance our service to the people of Scotland.

I look forward to making further progress as we set the Scottish Public Pensions Agency up for long-term success.



David Robb
Chief Executive

19 December 2022

Explaining the 2015 Remedy

On 1 April 2015, public sector pension schemes were reformed and the Career Average Revalued Earnings (CARE) pension scheme was introduced. From 1 April 2022 all of our NHS, Teachers, Police and Fire members became members of the 2015 pension scheme and the pre-reform schemes were closed to any further pension build-up. This is known as the '2015 Remedy' – you can find out more about this on page 26.

1.2 Statement of Purpose

The Scottish Public Pensions Agency (SPPA) is an Executive Agency of the Scottish Government. We administer pensions on behalf of the Scottish Government for employees of the National Health Service, for Teachers, the Police and Firefighters, in Scotland.

Our efforts remain focused on delivering excellence in customer service. As a delivery arm of the Scottish Government responsible for pension administration, our 'customers' include scheme pensioners, current and deferred members, and employing organisations in the public sector schemes.

Scope of Responsibility

- Administering, on behalf of the Scottish Ministers, the public service pension, premature retirement compensation and injury benefit schemes for which the Scottish Ministers have administrative responsibility.
- Preparing, in accordance with government policy, the regulations governing these and other schemes for which the Scottish Ministers have regulatory responsibility.
- Developing the regulations covering the National Health Service Superannuation Scheme (Scotland) (NHSSS), Scottish Teachers' Superannuation Scheme (STSS), Police and Firefighters Pension Schemes in Scotland.
- Being a national centre for the administration of public pensions and the provision of policy advice.
- Developing the regulations for Scotland's Local Government Pension Scheme.
- Providing pension administration services to third parties on a contract basis. Current customers include the Scottish Parliamentary Pension Scheme and the Legal Aid Board for Scotland.
- Following regulatory guidance and codes of practice issued by The UK Pensions Regulator in observance of its powers under the Pensions Act 2004.
- Advising the Scottish Ministers on public sector pensions policy.

1.2.1 Corporate Plan (2022-2027)

In April 2022, we launched our new [Corporate Plan](#) which outlines our Purpose and Vision for the next five years, supported through clear and ambitious Strategic Aims and priorities delivered through our Ways of Working (see pages 6 and 7).

As an Agency of the Scottish Government, we are fully committed to delivery in line with the [National Performance Framework](#) which aims to create a more successful country with opportunities for all of Scotland to flourish. We also adhere to the framework values of treating people with kindness, dignity, and compassion, respecting the rule of law, and acting in an open and transparent way.

Our Purpose

Effectively administer pensions and support over half a million of Scotland's key workers - **paying pensions accurately and on time.**

Our Vision

We will protect our members financial futures by giving them greater understanding and control of their pension.

Performance Report

1.2.2 Our Strategic Aims

In January 2022, a series of engagement sessions took place to provide our people, key stakeholders and members with the opportunity to have their say in the development of the Corporate Plan.

We identified a need to strengthen our capability and adaptability to better prepare us for an ever changing and uncertain world and to retain and attract talented colleagues. This will help us to better meet the needs of our members through developing and improving our technology, reducing the complexity of the way that we work and giving our members more control through improved online services and information.

Our new Strategic Aims are:

- **Deliver excellent services for our members**
- **Build our capability and become an employer of choice**
- **Be change positive**
- **Be proud of our workplace**

1.2.3 Our Ways of Working

To deliver on these Aims, we have committed to Ways of Working that will drive everything we do. We will bring the outside in to make full use of the expertise and skill that we have access to as a Government Agency, through our Boards and our employers and member networks. We will strive to ensure that everything we do adds value and that we continue to learn and improve every day. Our Ways of Working are:

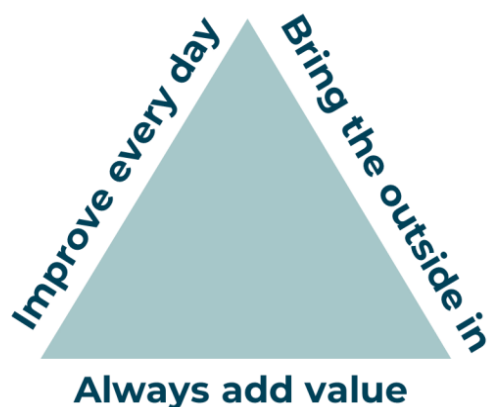


Figure 1.2a: SPPA Ways of Working

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1.2.4 Our structure

In April 2021, David Robb joined the SPPA as Interim Chief Executive following the departure of Matt Valente. A recruitment exercise was undertaken for a permanent Chief Executive which concluded in December 2021, with David being appointed on a substantive basis. Recognising the Agency's need for clearer leadership accountability in order to be set up for success as we build a better SPPA, a more streamlined, permanent Executive Team (supported by a wider Leadership Group), was put in place in January 2022.

Senior Leadership Team (to January 2022)

- **Head of Policy (Interim):** Iain Coltman
- **Head of Colleague Engagement (Interim):** Garry Cossar
- **Head of Customer Services:** Dev Dey
- **Head of Operational Excellence (Interim):** Rachel Miller
- **Head of Digital Transformation and IT:** Andre Morelli
- **Head of Finance, Risk and Procurement:** Karen Morley
- **Head of Transformation (Interim):** Craig Gardiner (from December 2021)

Executive Team (from February 2022)

- **Head of Policy (Interim):** Iain Coltman (permanent wef July 2022)
- **Chief Operating Officer (Interim):** Craig Gardiner (left 28 October 2022)
- **Head of People, Strategy and Communications (Interim):** Garry Cossar (permanent wef July 2022)
- **Head of Finance, Risk and Procurement:** Karen Morley

1.2.5 Membership

In the last five years, we have seen a 9.4% increase in overall members currently active, deferred or receiving a pension including widows and dependents. The Covid-19 pandemic has influenced scheme membership with the volume of new members and re-joiners to the NHS scheme increasing by 45% in 2020-21 and 29% in 2021-22 compared to pre pandemic 2019-2020 figures.

The pandemic has also had an impact on retirements with fewer members retiring in 2020-21 than previous years. This has led to an 11% increase across the four schemes in 2021-22 with NHS (13%) and Police (41%) seeing the largest increases. In 2021-22 we paid more than 229,105 pensioners over four schemes to a value of £2.3bn annually. Table 1.2a on page 9 outlines the changes to our membership over the last five years.

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Table 1.2a Membership changes (five-year period)

Membership	2021-22	2020-21	2019-20	2018-19	2017-18
Total members	591,499	570,614	562,510	550,923	540,641
Difference from previous year	20,855	8,104	11,587	10,282	N/A
Difference from previous year (%)	3.7	1.4	2.1	1.9	N/A

1.3 Covid-19 response

Covid-19 continued to have a significant impact on our operation in 2021-22. We have continued to follow all Scottish and UK Government guidelines and taken appropriate measures to ensure the ongoing safety of colleagues and members of the public. Our response continues to focus on three key areas:

- **Colleague welfare:** Making sure our colleagues are informed with the right information at the right time – and are equipped to do the job.
- **Stakeholder management:** Providing our wide array of key stakeholders with timely and relevant communications that reinforce our plans, deliver confidence in our operation, and mitigate any reputational risk.
- **Maintaining operational activity:** Having a clear view on all operational considerations and how the changes to our ways of working and processes are reflected in our communication processes and channels.

1.3.1 Hybrid Working

In November 2021, as Government restrictions began to ease following the successful roll out of the vaccination programme (which the SPPA has supported through providing office accommodation to the Scottish Borders NHS vaccination team), we introduced 'hybrid working'.

Hybrid working is when we blend home and office working. The COVID-19 pandemic has meant that this has been widely adopted across the Scottish Government (and throughout different industries). As the pandemic has continued, many tools and processes have been introduced to improve the home working environment.

At the SPPA we want to create a hybrid working environment that sets our people up for success, promotes collaboration and maintains safety, whilst promoting wellbeing in the workplace. We have based our plan on consultation with colleagues, PCS trade union representatives, and the Colleague Collaboration Group, using a variety of feedback tools to gather a clear understanding of people's concerns, priorities, and needs.

The introduction of hybrid working has meant that arrangements can be set flexibly to suit business needs, colleague work/life balance and team dynamics. We want to embed hybrid working because it offers the flexibility our colleagues have asked for post-pandemic, suits the needs of the SPPA, and is good for many people's wellbeing and the environment.

Our Hybrid Working Vision

To provide a safe environment that can be used flexibly to meet our colleagues' different needs.

We re-opened our Tweedbank office to colleagues in November 2021 in a controlled and cautious manner giving our people the choice to work on site. As the Omicron variant took a grip on the country in December, the office was once again closed to ensure colleague and public safety, re-opening in February 2022.

The safety of our people remains paramount, and our Business Support team has worked hard to adapt the office to ensure all appropriate measures are in place, such as physical distancing and ventilation and a re-configuration of our office design. Teams have different needs and preferences, but our hybrid working model makes the most of in person team collaboration by bringing team groups back to the office. Since 1 November, nearly 250 of our people have come on-site at least once and 90% said that it was a positive experience.

1.3.2 Social Care Death in Service Scheme

On 17 March 2020, the NHS Scotland and Social Care Coronavirus Life Assurance Scheme 2020 came into force, the regulations of which govern the Death in Service Scheme to provide a one-off payment of £60,000 to dependents of a social care worker who has died in service because of, or the suspected result of, contracting Covid-19 at work.

On 18 March 2020, the Scottish Government Cabinet Secretary for Health and Sport authorised the SPPA to make all payments on behalf of the Scheme. Payments are subsequently recharged by the SPPA to SG (Scottish Government) Director General Health and Social Care. All payments made in 2021-22 were fully recharged by the 31 March 2022. As a result, the costs of the Scheme have no impact on the Agency's 2021-22 financial statements or those of NHS Pension Scheme (Scotland).

The payments made in 2021-22 and 2020-21 by the SPPA on behalf of the Scheme are detailed in Table 1.3a below:

Table 1.3a: Social Care Death in Service Scheme Payments

	Number of Cases	£000
2021-22	25	1,500
2020-21	18	1,080
Total	43	2,580

Performance Report: Overview

1.4 Performance summary

This report is produced in accordance with HM Treasury's published 'Government Financial Reporting Manual 2021-2022.'

1.4.1 2021-22 Key Performance Indicators (KPIs)

The SPPA's strategic KPIs were outlined in the 2021-22 Agency Business Plan. Developments were made over the course of the year to improve business intelligence with more regular and meaningful management information being made available allowing managers and senior leaders to better understand the SPPA's performance and identify areas of improvement.

The permanent creation of a Corporate Office in January 2022 is a result of the recognition of the need to further develop this area of the Agency, with the creation of a new balanced scorecard, dashboard, and reporting rhythm.

1.4.2 How we performed

The following tables show how the SPPA has performed against a range of measures in 2021-22 (based against our 2021 Strategic Aims).

A number of new indicators were added in 2021-22 based on the aims and objectives set out in the Annual Business Plan and therefore 2021-22 acted as a baseline for ongoing improvement in these areas. Where no previous data or trend analysis was available, this is noted in the results below.

Development of our KPI's and trend analysis is an ongoing priority for the Agency, with a programme of work being taken forward into 2022-23 business planning.

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Table 1.4a: Customer First KPI 2021-22 performance

Customer First measure	2021-22 Results	2020-21 Result
Improvement in our Net Promoter Score	Final score (-19.7)	N/A- New measure for 2021-22
Increase the number of members using our online services.	1,330 new Pulsion and 11,658 new MSS users.	N/A- New measure for 2021-22
100% of eligible customers to receive their ABS (Annual Benefit Statement) / AA (Annual Allowance) on time.	ABS Total: 97% Police: 100% Fire: 100% NHS: 98% Teachers: 95% AA: 100% achieved for all schemes	ABS- See table 1.5g AA: 100% achieved for all schemes
Pay 98% of new awards within 1 month of due date.	99.4%	99.6%
Complaints: 98% to be resolved within five days for stage 1 and within 20 days for stage 2	88%	82%

Table 1.4b: Operational Excellence KPI 2021-22 performance

Operational Excellence measure	2021-22 Results	2020-21 Result
Increase productivity in the SPPA (customers served per person per day).	Average increase of 0.25 tasks per person, per day	N/A- New measure for 2021-22
Quality Assurance: 95% of all checks to be accurate.	95.2%	95%
Financial performance: to deliver a balanced budget for the SPPA's administration costs. Measured by full year outturn not exceeding +/- 5% of full year forecast outturn.	Full year resource expenditure was below budget by 11.7% See section 1.5 for analysis.	N/A- New measure for 2021-22

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Table 1.4c: Develop our People KPI 2021-22 performance

Develop our People measure	2021-22 Results	2020-21 Result
Increase in the number of colleagues having taken part in formal learning.	3,045 hours of formal training completed (546 hours Jan – Mar 2021; monitoring commenced Jan 2021)	N/A- New measure for 2021-22
Increase in the number of Scottish Government assisted qualifications.	Eight Graduate Apprentice (GA) qualifications and eight SVQ Qualifications supported (8GA/8SVA 2020-21)	N/A- New measure for 2021-22
Increase in the annual UK Civil Service Government People Survey in the following areas: <ul style="list-style-type: none"> Leadership and Change Learning and Development 	Leadership and Change: 28 (+2) Learning and Development: 41 (+4)	Leadership and Change: 26 Learning and Development: 37

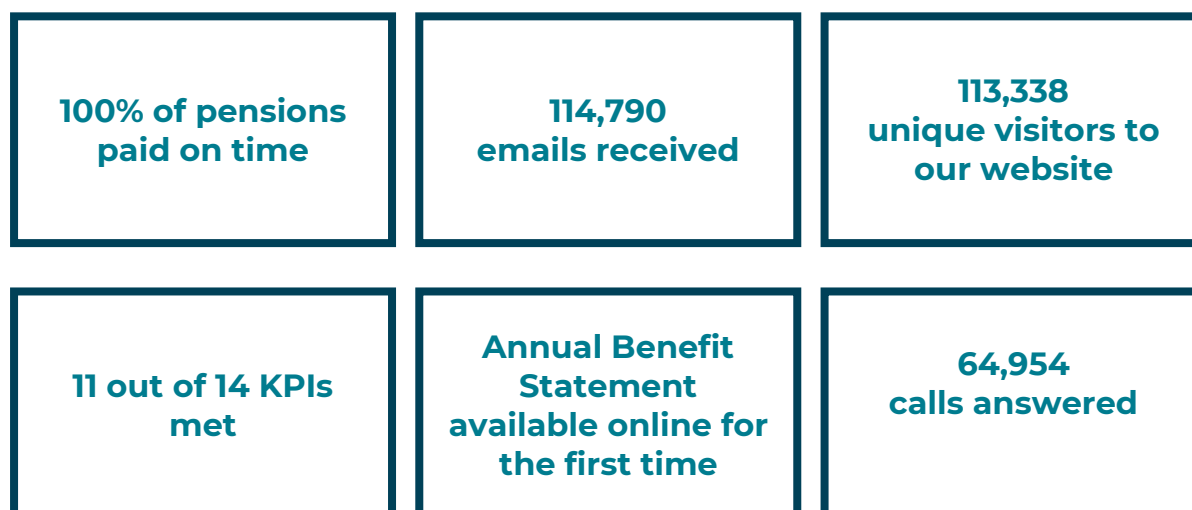
Table 1.4d: Collaborate Effectively KPI 2021-22 performance

Collaborate Effectively measure	2021-22 Results	2020-21 Result
Obtain 75% approval rating from feedback on colleague engagement events.	90%	N/A- New measure for 2021-22
Increase in the colleague engagement section of the annual people survey.	52 (+3)	49
Increase in the colleague Perma ¹ index in the annual people survey.	69 (+3)	66

¹ This index measures the extent to which employees are 'flourishing' in the workplace; it is based around the 5 dimensions: Positive emotion, Engagement, Relationships, Meaning and Accomplishment, as detailed in the [Civil Service People Survey](#).

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1.4.3 Customer Service Performance



In 2021-22 we continued to pay 100% of existing members pensions on time. Paying pensions on time remains our core purpose and in addition to existing pension payments being made on time, we have consistently met our target to pay 98% of new awards within one month. Highlights include:

- There was a 25% increase in new awards in financial year 2021-2022 from the previous year.
- New Awards paid on time is consistently above 98% each month throughout both 2020-2021 and 2021-2022.
- Despite a 25% increase to volumes, the amount paid on time was only 0.21% less than the previous year.

Over the course of the year, we experienced a significant increase in demand across customer services resulting in an 86% increase in customers contacting us by phone between May 2021 and March 2022 (8,695 in the year to 31 March 2022). Call queues were turned on during April 2021 so there is no comparative data. The Agency also received 22% more customer enquiries via email (15,954 to 31 March 2022 compared to 13,029 in April 2021 – there is no comparative data for March 2021). This was largely due to the full re-opening of our phone lines post Covid-19, and the increase in new awards and new members as outlined in the membership section of this report. New staff were recruited to help manage this demand resulting in a 294% increase in customer calls being answered.

Additionally, the impact of 2015 Remedy resulted in far more members than usual requesting estimate statements. Despite this, we managed to ensure that all new awards were paid on time and the accuracy of the work that we do remained high. Highlights include:

- Quality assurance checks continue to provide assurance that payments being made are accurate, with a 95% pass rate being achieved year on year.
- 24% increase to the volume of payments in financial year 2021-2022 which resulted in 19% more checks needing to be carried out.
- Around 5% of all payments are manually checked for quality assurance.
- 0.38% increase in 2021-2022 from the previous year to KPI score

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We continue to work on improving our online provision with improvements to our website and online self-serve portals, which form an important part of our new Corporate Plan. Our delivery of ABS and AA statements online to all members for the first-time last year was an important step forward in making information more accessible.

Whilst we continued to deliver our core purpose the increased demand did have an impact on our time to serve with customers having to wait longer than we would like to receive a response. This resulted in a drop in customer satisfaction which we are working to improve.

1.4.4 Customer Satisfaction

We introduced 'Net promoter score' (NPS) as our main customer satisfaction metric in our 2020-21 Annual Business Plan. NPS is used to assess the willingness of customers to recommend or use an organisation's services and is therefore a strong indicator of customer loyalty or satisfaction. NPS allows us to identify customers who are less satisfied with customer experience and transform them into an organisation's promoters.

Data gathering for this metric began in May 2021. The type and format of feedback collected prior to this date is incompatible with this new metric, and therefore cannot be converted to NPS for a like for like comparison.

During the reporting period, 1,344 members provided feedback on matters including call waiting times and delays to receiving requested information, which resulted in a NPS of (-19.7)%. We are reviewing the customer feedback received to ensure that appropriate actions are put in place to continually improve in this area.

1.4.5 Complaints

We regard a complaint as any expression of dissatisfaction about our action or lack of action, or about the standard of service provided by us or on our behalf. Anyone who receives, requests or is directly affected by our services can make a complaint to us. This includes the representative of someone who is dissatisfied with our service (for example, a relative, friend, advocate or adviser).

Table: 1.4e: Total complaint numbers 2021-22

	Number closed	Number closed within SLA	% closed within SLA
Stage 1	152	134	88.1%
Stage 2	14	12	85.7%
Total	166	146	88%

21 complaints were not closed within the SLA due to internal delays in forwarding the original complaint or securing the necessary information to respond. A review of our complaints procedures is scheduled for quarter 2 of 2022-23.

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The complaints target was missed due to internal delays or securing the necessary information to respond, which were the reasons cited in feedback from customers contributing to the negative net promotor score.

- 88% of closed complaints over 2021-2022 financial year were closed on time, up from the previous year where 82% were closed on time.
- Fewer complaints were received in 2021-2022 than in the previous year. 168 new complaints were received while in the previous year we received a total of 210 - a reduction of 20%
- In 2021-2022 we had an average of 19 complaints active in any given month while in the previous year we had an average of 25.

Complaints key themes

- Processing requests/time to receive a response
- Estimates: The time taken to receive an estimate after initial request
- ABS/AA: Queries with information or lack of information provided
- Disagreeing with Regulation

Resourcing issues caused by a significant increase in demand and a rise in the number of new estimate requests has impacted the timeliness of estimates being issued which in turn has led to more dissatisfied customers. Online calculators are available to assist customers, and several actions are being taken to reduce the time to serve.

Feedback regarding ABS and AA has been reviewed with key changes implemented to improve highlighted areas.

We will continue to track common complaint themes to target and improve specific customer issues to improve our service.

Complaints Audit

On the 13 January 2021, the Internal Audit and Assurance Team carried out an audit of the SPPA's Customer Complaints. The assurance category achieved was 'reasonable' with five key recommendations for SPPA to work towards.

A follow up review was completed on the 15 October 2021. This highlighted that, of the five recommendations one had been fully implemented, three partially implemented and one has not been implemented. We are reviewing these recommendations and the complaints handling process.

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1.4.6 Regulatory Performance

Internal Dispute Resolution Procedure (IDRP)

The Pensions Act 1995 (“the 1995 Act”) requires all occupational pension schemes, including those that the SPPA administers, to have formal Internal Dispute Resolution Procedures (IDRP). The SPPA determine IDRP’s on behalf of the Scottish Ministers under a one-stage process. The 1995 Act requires that members must be given a determination within a ‘reasonable period’ of time following application. Disputes can be complex and require further information or enquiries. To reflect that, one of the SPPA’s key performance indicator (KPI) is to resolve all disputes within four months of receiving them. This period is considered by the Pensions Regulator to meet the ‘reasonable period’ set out in the 1995 Act.

Over the last 12 months, the SPPA has been able to conclude 42% of cases within the four month timeframe. In most cases, where the KPI has not been met, these have been medical appeals where members are appealing a rejected ill health retirement application. The delays with medical cases are mostly attributable to provision of medical evidence from the member. The SPPA works with independent medical advisers to consider medical appeal cases and regularly advise members where there is not enough medical evidence to determine permanent ill health.

These cases are extended beyond the four month target while members are given time to submit additional medical evidence, otherwise, without the evidence, the applications for ill health retirement would not be successful. Where non-medical cases are not concluded within four months, this is often because the SPPA require further information from the employer or are required to seek actuarial or legal advice because of the complexity of the case.

Ministerial Correspondence

Ministerial correspondence is managed through the SPPA and the Scottish Government Public Engagement Unit with responses drafted in the name of the appropriate Minister for issue within 20 working days of receipt. The SPPA received 39 cases during the reporting period. All cases were processed and completed, with 10 cases completed outside the 20 working day timescale due to resourcing constraints or reasons out with the direct control of the SPPA.

Freedom Of Information Requests

In the 2021-22 reporting period, the SPPA received 41 requests. All were responded to within the statutory timescales.

1.4.7 Principal Risks

In 2020 our key risks related to cyber security, data quality and business intelligence. The latter two have been considerably mitigated by the Operational Excellence – now Corporate Office function which continues to be a business priority and has formed an important part of the Annual Business plan for 2022-23 following significant improvement in performance reporting and accuracy in 2021.

Following a review of our Strategic Risks for 2021-2022, the Executive Team identified a key theme relating to people as a result of the considerable change the

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Agency and our colleagues have faced in recent years. As a result a number of areas were identified which have influenced business planning and decision making over the year. This helped to formulate our business plan and KPIs (including a full KPI section specifically related to people) with key actions and measures relating to improving engagement, learning and development and colleague feedback forming a considerable part of our Strategic KPIs and performance measurement model.

Further detail of this is provided in the Governance Statement in section 2.3 of this report.

1.5 Performance analysis

1.5.1 Financial position at the end of the year

Budget is allocated from the Scottish Government's Finance Portfolio as presented to the Scottish Parliament. Budget for 2021-22 is shown in table 1.5a

Table 1.5a: Financial overview

	Revenue	Depreciation	Capital	Total
	£000	£000	£000	£000
Baseline - received	20,350	3,150	2,200	25,700
Initial budget allocation	20,350	3,150	2,200	25,700
Autumn Budget Round				
Transfer in from Scottish Government Health in respect of Actuarial Services	425	-	-	425
Spring Budget Round				
COVID-19 pandemic – additional staff costs	486			486
Release of budget	-	(500)	-	(500)
Revised budget allocation	21,261	2,650	2,200	26,111

We operated within our budget allocation for 2021-22. A summary of actual expenditure outturn compared to budget is detailed in table 1.5b on page 20.

We received additional budget from the UK Government's allocation of Covid consequential. This funding was used to offset increased operating costs associated with the pandemic including:

- increased frequency of cleaning; provision of hand sanitiser and sanitising wipes;
- reconfiguration of office space including signage, re-siting desks and IT; introducing Perspex screens;
- offset reduction in income from lower levels of court orders; and
- provision of IT equipment to allow all colleagues to effectively work remotely.

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Table 1.5b: Performance against budget in 2021-22

	Final budget allocation	Actual outturn	Overspend/ (Underspend)
	£000	£000	£000
Resource	21,261	18,768	(2,493)
Depreciation	2,650	2,426	(224)
Capital	2,200	505	(1,695)
Total expenditure	26,111	21,699	(4,412)

Notes

- The net resource budget underspend of c. £2.5m includes: £0.4m revaluation of the property at Tweedbank, £0.3m of staff costs arising from timing of filling vacancies. Projects contributed to much of the underspend (£1.5m) due to changes in planning assumptions around our pension platform programme and 2015 Remedy. Costs have been re-profiled and supported by business cases securing authority to spend in 2022-23.
- Net expenditure has increased by £1.4m from 2020-21 driven by increases in staffing (£1.4m) (See table 1.5d on page 22)
- Income increased by 40% (£258k 2021-22; £184k 2020-21) due to increases in volume of charges for pensions sharing on divorce.
- In adapting to the changing work environment, we have been especially mindful of planning to achieve a balanced financial position on a sustainable, year on year, basis and submitted considered and affordable plans to the Scottish Government's resource spending review, published in May 2022.
- The underspend on non-cash resource expenditure includes an underspend on depreciation of £0.224m (2020-21 £0.275m) and a gain on indexation of property, plant, and machinery of £0.397m (2020-21 gain of £0.063m).
- Capital expenditure was under budget by £1.695m (2020-21 £0.267m), due to delays in progressing planned investment in our freehold premises.
- Further analysis of the financial results for the year to 31 March 2022 is detailed below together with long-term expenditure trends.

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1.5.3 Financial resources 2021-22 and expenditure trends

Table 1.5c: Headline figures: of financial resources and expenditure trends

	2021-22 £000	2020-21 £000		2021-22 £000	2020-21 £000
Income	(258)	(184)	Total assets	30,890	18,214
Expenditure	21,849	20,020	Total liabilities	(2,745)	(9,041)
Net expenditure	21,591	19,836	Net assets	28,144	9,173

Notes

- Income of £0.258m (2020-21: £0.184m) consists of £0.224 million from work associated with pension sharing on divorce and £0.034m from the provision of pension calculation services to third parties.
- Expenditure has increased by £1.829m (9%) to £21.85m in 2021-22 from £20.02m in 2020-21 as explained in Table 1.5d on page 22.
- Table 1.5e on page 24 provides the detail of the increase in assets and decrease in liabilities from 2020-21.

Performance Report

Table 1.5d: Comparison of expenditure over 5-year period

	2021-22	2020-21	2019-20	2018-19	2017-18
	£000	£000	£000	£000	£000
Staff costs	13,720	12,302	11,138	10,368	9,877
IT maintenance	2,407	2,438	2,901	1,913	1,897
Actuarial services	1,800	1,700	1,692	1,641	2,148
Depreciation	2,426	2,025	1,454	950	837
Other expenses	524	386	429	478	500
Accommodation costs	386	379	366	354	370
Reform of guaranteed minimum pensions	65	193	298	438	322
Notional charges	279	271	292	278	286
Postage	162	150	209	311	215
Professional & technical advisory services	78	154	185	294	163
Compensation payments	3	21	-357	374	23
Write-off of intangible non-current assets	0	0	0	0	1,621
Expenditure	21,849	20,019	18,607	17,399	18,259
Expenditure relating to revaluations	(397)	(63)	(109)	(108)	(306)
Total expenditure	21,452	19,956	18,498	17,291	17,953

Notes

- Staff costs of £13.720m (2020-21 £12.302m) an increase of £1.418m due to the annual pay rise and pay scale progression. Further detail is available on page 60.
- Depreciation and amortisation of property, plant and equipment and information technology was £2.426m for 2021-22 (2020-21 £2.025m) which was £0.401m increase on the prior year. The increase relates mainly to assets associated with the enhancement of the existing pension administration and payroll systems.
- Actuarial services totalled £1.8m (2020-21 £1.7m), which was £0.1m increase from the previous year. Costs are dependent on the valuation cycle for the pension liabilities of the NHS Scotland, Scottish Teachers, Fire and Rescue Services, Police Service of Scotland and Local Government pension schemes, and pension legislation changes.
- Other expenses increased by £0.138m to £0.524m (2021-22 £0.386) reflecting increased expenditure in office equipment (173%), stationery (155%), training (60%) and subscriptions (50%) from 2020-21 expenditure levels.

Performance Report

- Notional charges cover services provided by the Scottish Government of £0.115m, and Audit Scotland's audit fee of £0.164m. These costs are met from the central Scottish Government's budget.
- Postage costs of £0.162m (2020-21 £0.150m) increased by £0.012m reflecting increases in work volumes.
- Reduced expenditure for the reform of Guarantee Minimum Pension (GMP) reflects closure of the programme in March 2022. This relates to the administration of GMP Reconciliation only. A project to consider GMP Equalisation will be started in 2023.
- Compensation payments in 2021-22 include payments in respect of four cases taken through our internal dispute resolution procedure.
- Revaluation gain of £0.397m in 2021-22 (2020-21 gain £0.063m) represents the annual indexation of property, plant and machinery, an increase from the gain recognised in 2020-21. Revaluations are undertaken at least every five years by the District Valuer.

Performance Report

Table 1.5e: Comparison of assets and liabilities over a 5-year period

	2021-22	2020-21	2019-20	2018-19	2017-18
	£000	£000	£000	£000	£000
Property, plant, and equipment	5,175	4,900	5,038	4,964	5,030
Computer software and licenses	3,219	5,019	5,311	3,257	1,060
Trade and other receivables*	22,496	8,295	9,368	13,579	19,309
Total assets	30,890	18,214	19,717	21,800	25,399
Trade and other payables*	(2,745)	(9,029)	(11,094)	(8,715)	(8,127)
Provisions for liabilities and charges	(1)	(12)	0	(367)	0
Total liabilities	(2,746)	(9,041)	(11,094)	(9,082)	(8,127)
Net assets	28,144	9,173	8,623	12,718	17,272

*Other receivables and payables include balances relating to the payment of pensions on behalf of the Scottish Police and Fire and Rescue Service pensions.

Notes

- Total assets increased by £12.676m to £30.890m at 31 March 2022, and comprised:
 - Property, plant, and equipment of £5.175m, which includes £4.924m of freehold land and buildings.
 - Computer software and licenses of £3.219m, a decrease of £1.8m from last year due to amortisation charged in year.
 - Trade and other receivables of £22.5m include balances relating to the payment of pensions on behalf of the Police Service of Scotland £17.4m (2020-21 £4.6m) and Scottish Fire and Rescue Service £2.8m (2020-21 £1.6m) pensions. Year end balances are higher due to a higher proportion of pension payments processed in March not being reimbursed to the SPPA before the year end.
- Total liabilities reduced to £2.746m from £9.041m in 2020-21.
 - Trade and other payables balance at 31 March 2022 of £2.745m included £1.479m (2020-21: £7.633m) payable to HMRC relating to the administration of Police Service of Scotland and Scottish Fire and Rescue Service pensions; and £1.023m of accrued and deferred income.

Further information on the Agency's income, expenditure, assets, and liabilities can be found in the financial statements and the notes to the accounts on pages 70 - 91.

Performance Report

1.5.4 Agency Projects and Programmes

1.5.4.1 Pension Platform Programme

We continue to progress the Pension Platform Programme which commenced in June 2020 and is a key element for meeting the needs of SPPA's Strategic Objectives.

The key goals of the programme are:

- To ensure continuity of service for members through 2031 and beyond.
- Improving our core administration and payroll systems.
- Enhancing self-service portals for members and employers.
- Improved management and operational reporting.

In our 2020-21 Annual Report and Accounts we published a Programme timeline for 2021-22 which, had it been achieved, would have seen a contract award in June 2022.

At the May 2021 Programme Board it was agreed to temporarily separate the 'Transform and Procure' elements of the overall programme in order to allow the 'procure' element to proceed as optimally as possible, while recognising the 'transform' element needed more definition.

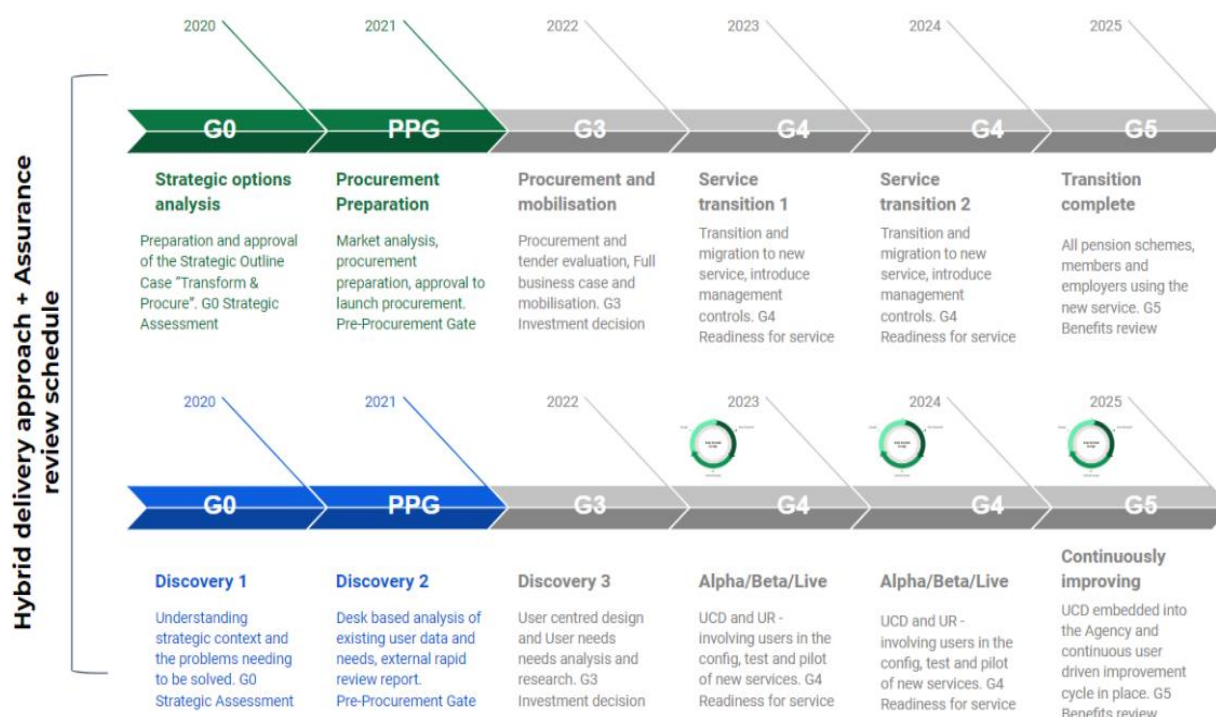
Included within the revised procurement timeline was external assurance through formal Gateway reviews and SG's Digital Assurance Office, designed to assess SPPA's readiness to proceed with the programme. Each review reported with recommendations that formed the basis of action plans, owned by the programme SRO (senior responsible officer). Business case development continued in parallel, as did preparation of the collateral to support the procurement and Invitation to Tender and engagement with the Market, including vendor demonstrations.

At the September 2021 meeting of the Programme Board, it was recognised that issues arising from lack of critical resource had been satisfactorily addressed and the Platform procurement and technology enabling business case was approved, together with a further revised procurement schedule. On 11 November 2021 the Business Case received Ministerial approval from Tom Arthur, Minister for Public Finance, Planning and Community Wealth and Kate Forbes, Cabinet Secretary for Finance and the Economy. The procurement was subsequently launched on 12th January 2022 with a tender deadline of 11th April 2022.

At the June 2022 Programme Board Meeting it was agreed that the programme team continue with the procurement evaluation as planned however, there would be a review of the timing of the contract award and implementation schedule to allow more time for business readiness planning.

The Agency received four formal submissions and following a rigorous evaluation process we announced on the 5th October 2022 that Heywood Pension Technologies (HPT), part of the BlackRock Group, had been successful. A ten day standstill period was then completed to allow for feedback from any of the unsuccessful bidders with no challenge being received. This is a significant milestone in the programme and allows us to now move forward with the next phase, Discovery and Mobilisation.

Performance Report



1.5.4.2 2015 Remedy

The McCloud 2015 Remedy project formally commenced in April 2021 to address the discrimination deemed to have affected younger members when the reformed schemes were introduced in 2015. The decision announced in February 2021 was that a Deferred Choice Underpin would be introduced allowing members to choose which scheme they wished to be part of for the remedy period which spans 01 April 2015 to 31 March 2022. Active and deferred members will have the opportunity to make that choice on retirement while retired members will have their award assessed separately for any detriment and they can also choose which scheme benefits they wish to take with their pension payment being retrospectively amended.

As part of the prospective legislation, all protected members ceased to be in the legacy schemes from 31st March 2022 and moved into the CARE scheme. We have created a process for any immediate pension events where the annual return would be turned into a leaver and a new CARE record created for any accrual between 1 April and their retirement date.

For Police and Fire, development is taking place in conjunction with the CLASS group. This is a group of Police, Fire and Local Government Pension Scheme administrators that all use Heywood's Altair admin system.

In summer 2022 Remedy modellers were made available to Police and Fire members to use to understand how the 2015 Remedy will affect their pension. This was followed in September 2022 with the release of the NHS and Teachers version for the remaining schemes.

Performance Report

1.5.4.3 Guaranteed Minimum Pension (GMP)

SPPA, along with all UK occupational pension schemes, were required to undertake a reconciliation of Contracting Out data, including Guaranteed Minimum Pension (GMP) values, with HMRC. All Schemes for which SPPA provide administration services were included. Subsequent GMP corrections and pension rectification action, for any affected post State Pension age (SPa) pensioners, was then necessary to ensure the correct GMPs, pensions, and pension increase values, were in payment going forward.

The reconciliation of data included all scheme members with service between 6 April 1978 and 5 April 2016, approximately 2 million individual records.

The reconciliation of data, rectification of GMPs and pensions for post SPa affected pensioners, and GMP value updates for members with GMP service are now complete.

The key project milestones are shown below:

Milestones	Completion Date
Business case	28 July 2017
Project Implementation Document v0.8	3 Aug 2017
Minute of Variation Signed	20 Sept 2017
HMRC & SPPA Data Reconciliation	Nov 18-Jun 19
Pensioner Rectification: Police and Fire Overpayments	February 2020
HMRC provide all SPPA schemes final data cuts	March 2020
Final reconciliation and comparison of data cuts (NHS and Teachers)	Mar 20-Aug 21
Pensioner Rectification: Police and Fire Underpayments	Mar 21-May 21
Pensioner Rectification: NHS and Teachers Overpayments	8 Dec 2021
Pensioner Rectification: NHS and Teachers Underpayments	18 Jan 2022
Bulk GMP Value Updates: All Schemes	28 March 2022
Hand over to BAU	1 April 2022

Performance Report

The Project delivered:

- Fully reconciled GMP value data uploaded accurately to the pension administration system (for all member and pensioner statuses)
- Fully reconciled rectification data uploaded accurately to the pension administration system (for post SPa pensioners)
- Pensioners and dependants subject to rectification informed of any adjustments to their pensions.
- Management information/contractors & SPPA reports to confirm successful reconciliation.

The project outcome ensures:

- The SPPA is compliant with legislation
- SPPA GMP data will be more accurate therefore complying with the Pension Regulators requirement of Data Quality Improvement
- Greater accuracy in pension payments going forward

The project was closed in May 2022.

1.5.4.4 Annual Benefits Statements (ABS)

The SPPA has a legislative responsibility to provide all eligible active members (as of 31 March each year) with an ABS no later than the 31 August that same year.

Performance Report

Table 1.5g: ABS Results by scheme 2016-2021

Scheme	Description	2021	2020 Recovery	2020	2019	2018	2017	2016
Teachers	Active members who qualify for an ABS	73,635	73,167	73,167	72,198	68,991	73,280	74,159
	ABS Issued by 31st August	70,112	71,655	0	70,920	67,791	53,932	48,673
	Percentage Issued	95.22%	97.93%	0.00%	98.23%	98.26%	73.60%	65.63%
	Percentage variance to previous year	(2.71%)	97.93%	(98.23%)	(0.03%)	24.66%	7.97%	
Fire	Active members who qualify for an ABS	5,881	6,216	6,216	6,050	5,520	5,643	5,661
	ABS Issued by 31st August	5,881	6,216	6,216	6,050	5,520	4,339	3,011
	Percentage Issued	100%	100%	100%	100%	100%	76.89%	53.19%
	Percentage variance to previous year	0.00%	0.00%	0.00%	0.00%	23.11%	23.70%	
NHS	Active members who qualify for an ABS	185,483	174,274	174,274	172,013	167,829	171,532	168,602
	ABS Issued by 31st August	181,267	151,780	7,827	167,037	158,092	146,907	130,077
	Percentage Issued	97.73%	87.09%	4.49%	97.11%	94.20%	85.64%	77.15%
	Percentage variance to previous year	10.64%	82.60%	(92.62%)	2.91%	8.56%	8.49%	
Police	Active members who qualify for an ABS	15,713	14,870	14,870	14,771	14,927	15,522	16,129
	ABS Issued by 31st August	15,713	14,870	14,870	14,771	14,906	14,895	14,555
	Percentage Issued	100%	100%	100%	100%	99.86%	95.96%	90.24%
	Percentage variance to previous year	0.00%	0.00%	0.00%	0.14%	3.90%	5.72%	

Performance Report

Table 1.5g: ABS Results by scheme 2016-2021 (continued)

Scheme	Description	2021	2020 Recovery	2020	2019	2018	2017	2016
Grand Totals	Active members who qualify for an ABS	280,712	268,527	268,527	265,032	257,267	265,977	264,551
	ABS Issued by 31st August	272,973	244,521	28,913	258,778	246,309	220,073	196,316
	Percentage Issued	97.24%	91.06%	10.77%	97.64%	95.74%	82.74%	74.21%
	Percentage variance to previous year	6.18%	80.29%	(86.87%)	1.90%	13.00%	8.53%	

The 100% ABS target was partly missed due to late or incorrect submission of data from employers however there was a significant improvement on previous years. Note that 2016 was the first year SPPA collected figures for all schemes as this was the first year that SPPA produced an ABS for Police and Fire members.

- **Police and Fire:** In 2021, The SPPA provided 100% of eligible Police and Fire members with their ABS online through the Members Self Service (MSS) portal for the first time with 11,658 new registrations. This followed a campaign to encourage members to sign up for the service. Members were informed via email to their work email address of how to access their ABS online, with over 51% of members registering. Paper copies were sent to officers who for distinct reasons could not access work emails.
- **NHS and Teachers:** 95% of eligible Teacher members and 97% of eligible NHS members had their ABS available to them through My Pension by 31 August, and the Pension Regulator was informed of the small breach on 13 September. No further action regarding the small breach was required. A further 1,120 Teacher and 362 NHS ABS were issued after 31 August. Approximately half of the members were waiting for data or corrected data from employers and the remainder were due to calculation issues, which we are working with the supplier to resolve. A lessons learned exercise was conducted in November 2021 with outputs being utilised in the planning activities for 2022-23 delivery.

Performance Report

1.5.4.5 Annual Pension Increase

The 2021-22 exercise was completed for all pensioner members successfully in April 2021, with deferred lump sum payments completed as a supplementary payment in July 2021, as is normal practice.

1.5.4.6 Goodwin remedy

In quarter three 2020-21, a project team was set up to conduct a discovery planning phase for the implementation of the Goodwin remedy. This aims to correct the discrimination of the 30 June 2020 court case that a female member in an opposite sex marriage is treated less favourably than a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation.

The SPPA worked with our supplier to support with automating the rectification process and to develop calculations to ensure future cases can be processed. By February 2022, all members impacted had been identified for refunds and pension rectification, with redress payments being made from 1 February 2022. All redress and rectification is on track to be completed by June 2023.

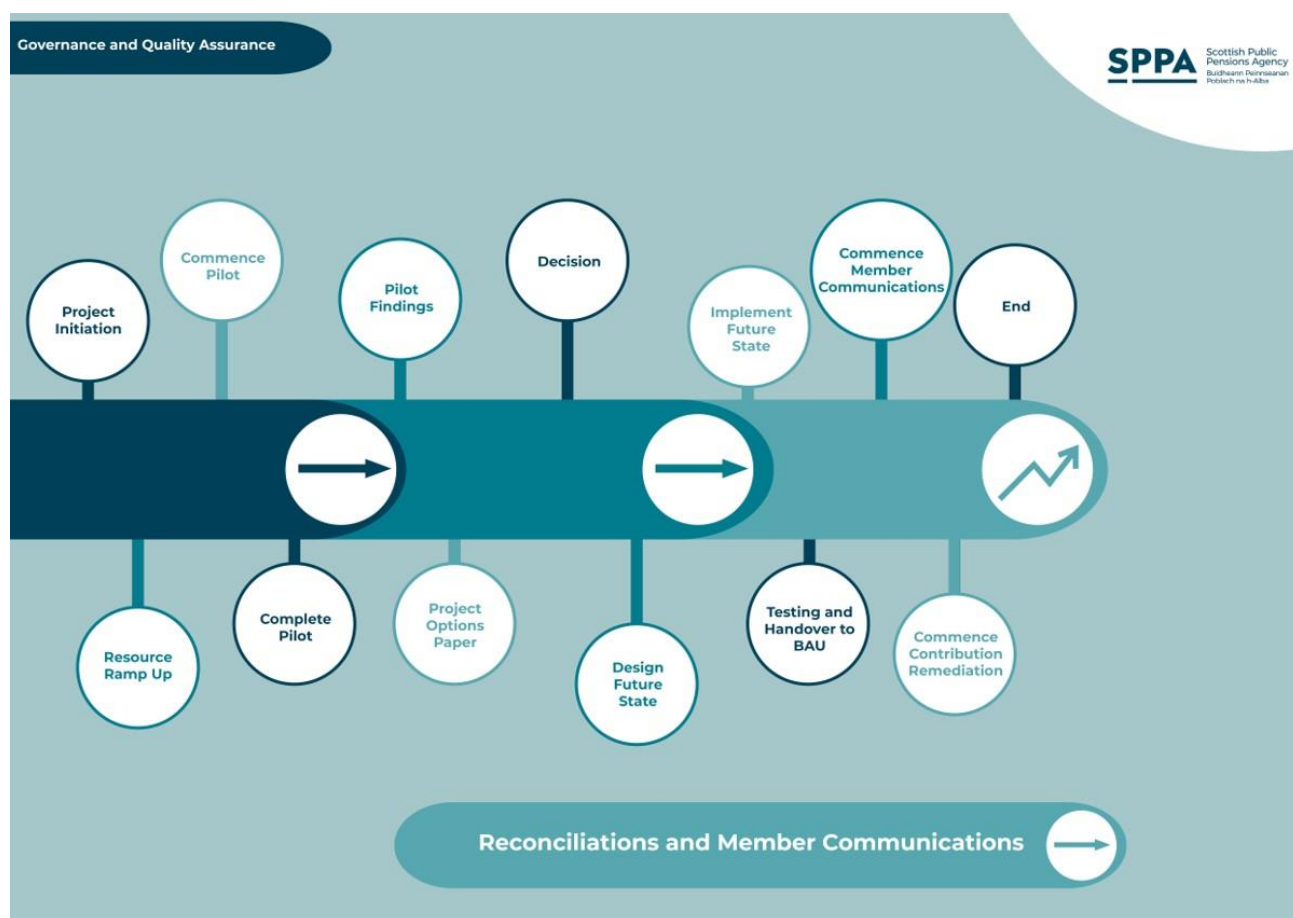
Performance Report

1.5.4.7 Practitioners' contributions

This project aims to correct an inaccurate collection of pension contributions by employers from a small number of Practitioner members. This is as a result of issues in identifying those with multiple employment contracts and has resulted in the collection of both under and over contributions, which requires rectification.

A detailed communications plan has been developed and will continue to be enhanced and maintained as we progress the project. This has included communication with the British Medical Association, employers, Pensions Board, members whose contributions were less than expected, and various payroll providers. A remediation pilot is due to commence in July 2022.

Figure 1.5h: Practitioner Project timeline



Performance Report

1.6 Environmental Performance

Over the past year, we have either met or exceeded most of our environmental targets to reduce our carbon emissions, such as electricity usage and water consumption and waste/recycling. The only target we did not meet was in gas usage and the reason for the increase in gas consumption for 2021-22 was that office space is provided to staff from NHS Borders to setup a Vaccination Coordination Hub during the Covid-19 pandemic (operating for 12 hours a day, seven days a week).

Additionally, due to Covid-19 safety protocols, windows were always opened throughout the year for ventilation and the heating system temperature was running for longer periods of time. This was to provide a more comfortable balanced temperature for staff and visitors to work in whilst the windows were open for ventilation.

Our annual Environmental and Sustainability reports are published on our website at <https://pensions.gov.scot/corporate-publications/environment-reporting>



David Robb
Chief Executive

19 December 2022

2. Accountability Report

Corporate Governance Report

- 2.1 Directors' Report**
- 2.2 Statement of Accountable Officer's responsibilities**
- 2.3 Governance Statement**

Remuneration and Staff Report

- 2.4 Remuneration Report**
- 2.5 Staff Report**

2. Accountability Report

2.1 Directors' Report

The Chief Executive is the Accountable Officer of the Agency and is supported by the SPPA Executive Team. The SPPA Management Advisory Board supports the Agency to deliver its functions by offering strategic advice and constructive challenge to the Chief Executive and Executive Team. Full details of the governance structure and risk management arrangements in operation at the SPPA are provided as part of the Governance Statement on page 39.

2.1.1 Funding and Structure

Until May 2021, the SPPA was part of the portfolio of the Minister for Finance, Economy, and Fair Work of the Scottish Government. From 2021-22 the Agency has reported to the Minister for Public Finance, Planning and Community Wealth. We remain funded for our operations through the Scottish Government's Programme Budget.

2.1.2 Directors and management structure

The SPPA Management Advisory Board 2021-22

The members of the Management Advisory Board who served the Agency during 2021-22 are shown in the table below:

Table 2.1a: Management Advisory Board

Chief Executive and Accountable Officer	David Robb Chair (With effect from 26 April 2021)
Non-Executive Advisory Members	Mark Adderley Management Advisory Board Ian Forbes Management Advisory Board and Audit & Risk Committee Liz Holmes Management Advisory Board and Audit & Risk Committee Helen Mackenzie Management Advisory Board and Chair of Audit & Risk Committee Jane Malcolm Management Advisory Board Norman McNeil Management Advisory Board
Scottish Government Portfolio Accountable Officer	Lesley Fraser (Director General: Corporate for the Scottish Government)

The SPPA Senior Management

The members of the Senior Management Team who served the SPPA during 2021-22 are shown in the table below. Following his appointment as Chief Executive on a permanent basis in December 2021, David Robb introduced a new senior structure, replacing the former 'Senior Leadership Team' with a new 'Executive Team'. The new Executive Team structure did not result in any wider structural changes within the SPPA but did simplify the operating model and reporting lines to the Executive Team.

Senior Leadership Team as at 31 March 2021	<p>David Robb Chief Executive (With effect from 26 April 2021)</p> <p>Garry Cossar Head of Colleague Experience (Interim)</p> <p>Dev Dey Head of Customer Services (Until 31 Jan 2022)</p> <p>Rachel Miller Head of Operational Excellence (Interim) (Until 31 Jan 2022)</p> <p>Andre Morelli Head of Digital Transformation and IT Operations (Until 31 Jan 2022)</p> <p>Karen Morley Head of Finance, Procurement and Risk</p> <p>Tom Nash Head of Regulatory Affairs (Until August 2021)</p>
Executive Team as at 31 March 2022	<p>David Robb Chief Executive</p> <p>Iain Coltman Head of Policy (Interim; Permanent wef July 2022)</p> <p>Garry Cossar Head of People, Strategy and Communications (Interim; Permanent wef July 2022)</p> <p>Craig Gardiner Chief Operating Officer (Interim from Dec 2021 - left 28 October 2022)</p> <p>Karen Morley Head of Finance, Procurement and Risk</p>

Parliamentary Accountability Report

Full biographies of the SPPA Executive Team can be found on [the 'about us' section of our website²](#)

Company directorships and other significant interests

No Executive Team members or members of the Management Advisory Board undertook any material transactions with the SPPA or reported any conflicts in respect of other interests.

Information Security Incidents reported to the Information Commissioner (ICO)

During 2021-22 there were no (2020-21 Nil) reportable breaches referred to the ICO.

Auditors

Our Accounts are audited by Audit Scotland. The notional fees are reported in the Financial statements at Note 3.3. Audit Scotland has provided only external audit services to the SPPA during the year.

Internal audit services are provided by the Scottish Government's Directorate of Internal Audit and Assurance. The scope of work of Internal Audit is determined and agreed following discussion with management and reported to the Audit and Risk Committee.

Accounts direction

The 2021-22 accounts have been prepared in accordance with the Accounts Direction given by the Scottish Ministers in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000.

Date accounts authorised for issue

The Accountable Officer authorised these financial statements for issue on 19 December 2022

² <https://pensions.gov.scot/about-us/our-executive-team>

2.2 Statement of Accountable Officer's responsibilities

Under section 19 of the Public Finance and Accountability (Scotland) Act 2000 the Scottish Ministers have directed the Scottish Public Pensions Agency to prepare a statement of accounts for each financial year in conformity with the accounts direction on page 83 of these financial statements, detailing the resources required, held or disposed of during the year and the use of resources by the SPPA during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the SPPA and of its income and expenditure, Statement of financial position, changes in taxpayers' equity, and cash flows for the financial year. The Principal Accountable Officer of the Scottish Government appointed the Chief Executive of the Scottish Public Pensions Agency as the Accountable Officer for the Agency. As Accountable Officer, the Chief Executive is responsible to the Scottish Ministers.

The responsibilities of the Accountable Officer are set out in the Memorandum to Accountable Officers from the Principal Accountable Officer. They include responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the SPPA's assets. As Accountable Officer, I am not aware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I am aware of any relevant audit information and to establish that the auditors are also aware of this information.

In preparing the accounts, the Accountable Officer is required to comply with the Government Financial Reporting Manual, and in particular to:

- Observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the financial statements.
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the SPPA will continue in operation.
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.



David Robb
Chief Executive,

19 December 2022

2.3 Governance Statement

2.3.1 The SPPA's Governance Framework

The Governance Framework is designed to ensure that the Scottish Public Pensions Agency (SPPA) complies with the highest standards of integrity whilst delivering value for money for Scottish taxpayers, safeguarding public funds, delivering good quality service to its members and other stakeholders, and being fully accountable for its actions. The SPPA complies with the guidance contained in the Scottish Public Finance Manual (SPFM) and guidance note 2 of '[On Board: A Guide for Members of Management Advisory Boards](#)³' published by the Scottish Government.

Over the period of these accounts until the date of signing, the corporate governance systems operated as set out in this Governance Statement.

The Framework Document represents an agreement between the SPPA and Scottish Ministers that lay out the relationship in terms of the respective roles and responsibilities for carrying out our functions. As the principal source of reference for our corporate governance arrangements, the 'Framework Document' describes and sets out the:

- Relationship between the SPPA and Scottish Ministers.
- Responsibilities of the Accountable Officer and Scottish Ministers.
- The frameworks within which we operate regarding Resource, Finance and Human Resources.

The SPPA Framework document was last amended and approved by the Minister for Public Finance, Planning and Community Wealth in July 2021. In March 2022, following discussion between the Scottish Government Portfolio Accountable Officer (Director General: Corporate) and the SPPA Chief Executive, and in line with the Scottish Government report 'Relationship with Public Bodies' published in February 2022, it was agreed at the April 2022 meeting of the SPPA Management Advisory Board that the Agency Framework document required a further update.

This would present the Framework more accurately and reflect the role of the Portfolio Accountable Officer not being a member of the Management Advisory Board (MAB). Additionally, in April 2022, the SPPA launched a new [Corporate Plan](#)⁴ superseding the references within the Framework to the previous Vision, Aims and Objectives. The SPPA updated and provided a new Framework Document to the Minister which was signed in September 2022.

2.3.2 Scope of responsibility

David Robb was appointed as Chief Executive with effect from 26 April 2021. Initially this was on an interim basis, before David was confirmed substantively in December 2022. As Accountable Officer, David is responsible for maintaining an adequate and

³ https://www.gov.scot/publications/board-guide-members-management-advisory-boards/?utm_source=redirect&utm_medium=shorturl&utm_campaign=managementadvisoryboardsguide

⁴ <https://pensions.gov.scot/corporate-publications/corporate-plan-2022-27>

Parliamentary Accountability Report

effective system of internal control, which supports the delivery of the SPPA's vision, business priorities, aims, and policies (including those set by Scottish Ministers), while safeguarding the public funds and assets for which David is personally responsible in accordance with the responsibilities assigned to him.

We adhere to the Scottish Public Finance Manual (SPFM) issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency, effectiveness and equality, and promotes good practice and high standards of propriety.

2.3.3 Primary Governance Bodies Schematic

A schematic of the bodies assisting the Accountable Officer in the governance of the SPPA is provided below. This is also available on our website with a [schematic for pension scheme governance](https://pensions.gov.scot/sites/default/files/2021-02/SPPA_Pension_Scheme_Governance_Schematic_2021.pdf)⁵

Figure 2.3a: SPPA Corporate Governance Schematic



Pension Schemes Governance

Corporate governance arrangements, overall, were considered to comply with generally accepted best practice principles and relevant guidance.

⁵ https://pensions.gov.scot/sites/default/files/2021-02/SPPA_Pension_Scheme_Governance_Schematic_2021.pdf

2.3.4 Management Advisory Board

The advisory nature of the Management Advisory Board (MAB) is one that is set out in the Scottish Government's publication 'On Board: A Guide for Members of Management Advisory Boards'. Board members are appointed to act in an advisory capacity to the SPPA's Accountable Officer (Chief Executive, David Robb) and are, therefore, neither personally nor collectively accountable for the SPPA's performance.

The main role of the MAB is to support the SPPA to deliver its functions on behalf of Ministers. Members of the Board offer strategic advice and constructive challenge to the Chief Executive Officer and Executive Team, seek to improve performance, promote good governance and advise on identifying and managing risk.

During the year, the MAB met on five occasions. The Board's work has included:

- Considering the content of our 2022-23 Annual Business Plan and our 2022-27 Corporate Plan.
- Receiving reports from the Chief Executive on our progress in achieving key tasks outlined in our business objectives and the continued development of performance metric reporting.
- Receiving reports on the work of the Audit and Risk Committee and contributing towards recommending mitigations to the risks assessed in the SPPA's risk registers.
- Receiving quarterly financial and budgetary updates from the Head of Finance, Procurement and Risk.
- Considering financial statements, such as our draft Annual Report and Accounts and draft Annual Report and Accounts for the NHS Scotland and Scottish Teachers' Pension Schemes.
- Receiving regular updates on projects such as the Pension Platform Programme, 2015 Remedy and Annual Benefit Statements.
- Receiving updates on colleague engagement related to surveys and wellbeing.
- Receiving updates on the SPPA's Hybrid working developments.

There is currently a gender balance on the Board. The Management Advisory Board are listed on page 35 of this report and [biographies and meeting minutes⁶](#) are published on the SPPA website.

There were no changes to MAB members during the year, however Liz Holmes announced her intention to step down from the MAB following the April 2022 meeting. In April 2022, the SPPA Chief Executive wrote to the Minister confirming that following a successful Public Appointments recruitment process, two new members would be joining the MAB; Clare Scott and Elaine Cameron. Both Clare and Elaine commenced their roles on MAB with effect from May 2022.

Both the MAB and the Audit and Risk Committee (ARC) carried out a self-assessment of their effectiveness and their knowledge and understanding.

⁶ <https://pensions.gov.scot/about-us/management-advisory-board>

The ARC provided a full account of its activities on a quarterly basis to the MAB.

The Terms of Reference of the MAB were last amended and approved in January 2021. However, these will again be updated in line with the upcoming changes to the Agency Framework Document explained in section 1 of the Governance Statement.

2.3.5 The SPPA Executive Team

Please refer to the 'SPPA Senior Management' section of the Directors Report on page 36.

2.3.6 Audit and Risk Committee (ARC)

The MAB is supported by an Audit and Risk Committee (ARC) which comprises three of the MAB members (see page 35). The ARC supports the Accountable Officer in discharging responsibilities for issues of risk and controls, finance, governance and associated assurance through a process of review, constructive challenge and providing relevant advice.

During the year, ARC met on five occasions. The Committee's work has included:

- Receiving updates and reports from senior managers to provide assurance in an Annual Report to the Accountable Officer and Management Advisory Board.
- Advising upon the work of and receiving progress reports from Internal Audit.
- Reviewing Audit Scotland's Annual Audit Plan and reports where appropriate, which includes an Audit Scotland Interim Management Letter and Annual Audit Report including an ISA 260 report.
- Reviewing our budget and out-turn position alongside financial performance against key metrics.
- Reviewing our Annual Report and Accounts and Scottish Teachers' Pension Scheme and NHS Pension Scheme Scotland's Annual Report and Accounts.
- Receiving a quarterly risk management update for review and discussion, this includes risk registers and tracking of audit recommendations.
- Regular review and scrutiny of the SPPA Agency Risk register.

During 2021-22 a series of short, quarterly focus meetings with the ARC, referred to as 'Deep Dives' took place. These are in addition to the regular ARC meetings and allowed the ARC to discuss and seek assurance on particular risk areas within SPPA. Topics during 2021-22 have included cyber security, complaints and the McCloud Remedy.

2.3.7 Pension Boards and Scheme Advisory Boards

The SPPA assumes the day-to-day role of Scheme Manager as set out in the Public Service Pensions Act 2013 for Scotland's NHS, Teachers', Police and Firefighters' pension schemes, as delegated by Scottish Ministers. It should be noted that, from a financial perspective, for the Police and Firefighters' schemes, 'administration' includes the provision of financial services but not contribution collection, preparation of annual accounts, budget, or financial management.

In their role to assist the Scheme Manager, the Pension Boards are expected to provide advice and scrutiny over the governance and operation of the scheme administration and to ensure that the legal and administrative requirements of the scheme are being met. During the year, each Pension Board met on at least four occasions.

The work of the Pension Boards has included:

- Receiving reports from the SPPA Senior Management on our progress in achieving key tasks.
- Receiving reports on the continued development of scheme-specific performance metrics to enable improved Board discussion and assistance in key performance areas.
- Receiving regular updates on projects such as the Pension Platform Programme, 2015 Remedy and Annual Benefit Statements.
- Contributing towards the development of improved quarterly risk reporting to ensure that Pension Boards are confident supporting the SPPA to recommend mitigations at a scheme specific level.

The SPPA Policy team also acted as the key policy adviser and custodian for the scheme regulations of those schemes managed by the SPPA. During the year the SPPA's policy officials:

- Participated in and provided general and technical pensions policy advice to the tri-partite Scheme Advisory Boards, as well as secretariat support.
- Provided general policy advice to Scottish Ministers and support to officials on a range of pension-related matters.
- Participated in HM Treasury-led working and steering groups established to develop 2015 Remedy proposals to remove the age discrimination in pension scheme reforms.
- Introduced regulations to deliver prospective 2015 Remedy, moving all members into the 2015 scheme with effect from 1 April 2022.
- On behalf of Scottish Ministers, determined medical and non-medical appeals from applicants under the scheme's single stage internal disputes resolution procedure.

2.3.8 Risk

Key risks

In 2020-21 our key risks related to cyber security, data quality and business intelligence. Our highest rated Strategic Risks for 2021-22 have clear people themes on capacity, capability, and wellbeing. Our highest rated risks are as follows:

- Capability and capacity (internal)
 - If we do not have the capability and capacity to deliver the SPPA's priorities, we will suffer reputational damage and negative impacts to staff wellbeing as a consequence.
- Engagement / culture (internal)
 - If we do not recognise and develop engagement and culture, we will lose staff to other employers or to sickness.

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- Engage effectively (external)
 - If we do not engage effectively, the SPPA is seen to be insular and non-collaborative, resulting in increased complaints, dissatisfied stakeholders and customer and reputational damage locally, nationally and with Ministers.
- Attract / retain staff
 - If we do not attract and retain staff, especially to key roles, we won't have the resource to deliver the SPPA's priorities.
- Practitioners project
 - If Practitioners' employers pay incorrect contributions, the financing of the scheme will be incorrect resulting in a poor customer experience and an increased administrative burden.
- Internal controls
 - If we do not have robust internal controls embedded and effective across the business, we will be unable to manage risk to an acceptable level or evidence appropriately the discharge of responsibilities vested in our Accountable Officer.
- Data protection
 - If we do not meet baseline data protection requirements, we will be in breach resulting in customers and staff being left more vulnerable to our actions.

Key focus areas

- We are conscious of our responsibility to our people and our Health and Safety Committee has ensured safety and wellbeing remain a key priority.
- We are looking outwards at how we best engage with our external stakeholders, particularly our Pension Boards. We have recognised the untapped resources within these this year and have begun to shift the conversations towards a collegiate advisory relationship.
- We are conscious of the complexity of the Practitioners project (page 32), and its timing closely following 2015 Remedy (page 26) and the progress of our Pension Platform Programme (page 25). We are working closely with Practitioners' supporting bodies on our response and how to communicate this to Practitioner members.

With many large external and internal activities impacting our operations, the maintenance of our controls and data can be limited. No major incident occurred in 2021-22, however there is wider acknowledgement that our internal processes should continue to be reviewed to ensure they are fit for purpose and support efficient ways of working.

The SPPA continues to follow Scottish Government guidance on Risk Management best practice and work closely with central and operational bodies on how to embed this. From mid-2021 we established the Risk Champions network to further support the cultural education and engagement on risk. Risk Registers are derived from business plans and support the cascade of information from team risks through area risk registers to a strategic Agency risk register. The risk owners are expected to review the risks in their monthly meetings and the Risk Team meet with the Executive Team one-to-one to discuss their strategic risks monthly.

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The strategic risks are discussed with the Executive Team monthly and presented to all boards quarterly and are open for challenge.

As part of our Internal Control Checklist activity, we have assessed controls throughout the SPPA. Areas of focus we wish to develop in the coming years include: wider risk culture, aligning our project management with wider Scottish Government, budgetary education, and information governance. These are reflected in our Annual Business Plan.

Business Continuity

The SPPA has a Business Continuity Plan that is regularly reviewed, and contacts and contingencies amended. It is supported by the Incident Management Process, Operational, Tactical and Strategic response teams, and the Assessment of Business-Critical Tasks. A review of Business Continuity has not been completed since the pandemic and has been prioritised in the coming financial year.

Counter-Fraud

We have worked with the Scottish Government and external bodies to clarify our response to potential fraud cases and review our policies. We contribute to the National Fraud Initiative and have worked with the Scottish Police on two cases of identity fraud our members have suffered. We have undertaken an external assessment of our vulnerability and assurance of existing controls with a view to further developing them in line with other Government Delivery Bodies.

2.3.9 Audit and Assurance

Audit Scotland made six recommendations arising from the audit of the 2020-21 Accounts, covering resource, workforce planning, financial strategy, reconciliations, and Pensions Platform Programme. These have been accepted and action taken to address each one.

Internal Audit has completed the following new assurance reports:

- Financial Governance – Reasonable Assurance Rating
- Corporate Governance – Limited Assurance Rating
- Contract Management – Reasonable Assurance Rating
- Capability and Capacity – Insufficient Assurance Rating

They have also reviewed and supported our progress to deliver the recommendations against previous years' reports including:

- Teachers Retirals
- Overtime
- Accounts Payable
- Workforce Planning
- IT, Data Quality and Management Information
- Customer Complaints
- Workforce Planning and Culture

All Audit recommendations have been discussed at the quarterly Audit and Risk Committee and progress on embedding them is tracked and evidenced. We are working closely with both Scottish Government Internal Audit and Audit Scotland to devise the best focus for consideration for next year.

Directorate for Internal Audit and Assurance's annual assurance report for 2021-22 gives an overall Limited assurance opinion meaning that controls are developing but weak.

The limited assurance rating provided reflects the opinions, findings and observations from the two main reviews, as well as substantial follow-up work from work carried out in 2020-21. It also reflects an assessment of a number of wider factors relating to risk management, control and governance arrangements within the SPPA.

The report recognises that even in the challenging circumstances in which the SPPA found itself due to the Covid-19 pandemic, we were able to deliver business as usual activities relating to administering pensions. Establishing a new organisational structure (as shown on page 8) to help manage capacity and capability risk, will help to address some of the challenges we are facing.

Common areas of improvement which are required to the governance, risk and controls environment across the Agency primarily relate to: the need for effective workforce planning; succession planning and knowledge management; clarity of roles and responsibilities; appropriate learning and development; improvements in the quality and robustness of management information; the lack of continuity and consistency at SPPA senior level; a lack of organisational readiness for the transformational elements of the Pension Platform Programme (PPP). The audit plan for 2022-23 includes reviews that will help address some of the key risk areas and link in to the work being taken forward by the Digital Assurance Office and Portfolio, Programme and Project Assurance to review the procurement and transformational risks associated with our major projects.

2.3.10 Data Assurance

An undertaking to report serious breaches to the Scottish Government's Data Protection and Information Assets Team is outlined within a Memorandum of Understanding as agreed with Scottish Ministers.

During the reporting period, the SPPA maintained established processes to monitor the processing of personal data and continues to develop a culture of data protection awareness. We will record and report any breach to ARC within an end of year report, even if escalation to the Information Commissioner's Office (ICO) is not warranted.

Again during the reporting period, 45 minimal risk personal data breaches were reported internally to the Agency Data Protection Officer – an increase of 17 on 2020-21. No breaches met the threshold as being reportable to ICO. A step-by-step guide to handling breaches is available on the SPPA's internal intranet and is also included within the Business Continuity Plan. It is designed to consider the

consequences of a breach in order to minimise harm to the data subject and to put in place the appropriate corrective measures.

On an annual basis, all the SPPA's colleagues are required to undertake Data Protection, Counter Fraud and Security training. The provision of a new Scottish Government training portal has enabled additional compulsory training, such as email Phishing awareness, to be included from quarter 4 2021-2022.

Cyber security actions that mitigate the risk of data losses and breaches have been outlined to ARC by means of an internal work plan aligning with the Scottish Public Sector Action Plan on Cyber Resilience. This includes promoting skills development, security threat awareness, supply chain security and embedding recognised IT security standards into penetration testing and baseline security checks.

2.3.11 Information Assurance

The SPPA's colleagues are reminded through the Agency's Information Assurance Strategy that it is their responsibility to know where information is held, how to retrieve it and to understand what can be shared. The Agency's new Executive Team have been assigned Information Asset Owner responsibilities and provided with appropriate training and guidance in order to understand and address risks to information. This will ensure that information is fully used within the law and for public good which is confirmed in writing to the senior information risk owner annually. The Data Protection and Information Governance Manager monitors compliance with standards in the protection of information assets to enable the organisation to function effectively, safely, and securely.

Our Information Assurance Framework document evidences the actions, procedures and policies undertaken by the Agency to meet the standards and best practice guidelines set out by the HMG Security Policy Framework. This forms part of our strategic approach to Information Assurance. The annual Information Assurance Maturity assessment carried out in April 2022 demonstrated we have achieved a steady state.

2.3.12 Health and Safety

Our approach to health and safety is a partnership between the Agency Executive Team, members of staff and the Trade Unions. The Agency consults with and provides competent and trained personnel to advise on all health & safety matters, safe working practices and keeping staff informed of health and safety developments that could affect them. Our move to a hybrid working model in November 2021 was a good example of the joint approach we take to health and safety.

The Agency is committed to eliminating all accidents and incidents relating to staff and third parties that may be affected by our operations. Accident and incident reporting systems are in place, including the reporting of near misses which are also analysed and actioned accordingly.

We have had no near miss incidents or accidents/incidents in 2021-22 (nil 2020-21).

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Whilst we have had cases of Covid-19 on-site the measures we have in place, which includes enhanced cleaning and workplace testing, have significantly reduced any risk of widespread infection.

We carry out regular workplace inspections throughout the year, focusing on both health and fire safety. The main issues identified were predominantly housekeeping issues and minor repairs, all of which were addressed with our maintenance contractor. We carried out two fire evacuations throughout the year and both were a success and the building was fully evacuated within two minutes.

Other points to note are as follows:

- Health and Safety Risk Assessments have been maintained and kept updated.
- The Agency continues to provide different types of health and safety training for staff, including First Aid, Fire Marshal training and Legionella Control training.
- We have had external NHS call centre colleagues on-site at Tweedbank and have introduced health & safety and fire evacuation process training with those individuals.

2.3.13 Reliance on Experts

The Agency relies on the work of experts. This includes taking advice from the Government Actuary's Department on matters including, but not limited to, the annual assessment of the value of pension liabilities. The District Valuer periodically reviews the Agency's premises, the last of which was carried out as at 31 March 2018 and reflected in the 2017-18 Annual Report and Accounts.

2.3.14 Best Value

The Accountable Officer has a duty to secure Best Value in the services the SPPA provides. Best Value principles are embedded in the Agency's planning, governance and business decision arrangements. Output from events is compiled and communicated to colleagues through formal and informal communication channels and minutes of the Management Advisory Board, Audit and Risk Committee and Pension Boards are uploaded onto the SPPA website (<https://pensions.gov.scot/>) for transparency. The Agency uses a range of mechanisms to obtain feedback from its customers and stakeholders; this includes from our Pension Boards which have member and employer representatives, targeted groups (such as the British Medical Association Scotland), desk-top research and complaint feedback. Together, all this information provides event driven feedback on services and service levels provided and is utilised by departments to look at opportunities to improve service delivery. A Partnership Agreement is in place between the SPPA and the Trades Union to encourage participation in joint decision-making processes. Working as partners to reach mutually acceptable arrangements, the intention is to benefit colleagues and ensure we run effectively. In addition to the Partnership Agreement, we have a Colleague Collaboration Group with representatives from across the Agency.

2.3.15 Written Assurances

The Chief Executive has received detailed statements of the current position from all Heads of Department regarding the operation and effectiveness of internal controls in the areas for which they are responsible. Additionally, the Chief Executive has received assurance from the Scottish Government's Director General Corporate in respect of the Scottish Government's human resources, payroll and financial systems that are shared with the Agency.

2.4 Remuneration Report

The information in the Performance and Accountability Reports is reviewed by the external auditors for consistency with the financial statements, and the information relating to the remuneration and pension benefits of senior management and non-executive directors; fair pay; staff numbers' staff costs and the number of exit packages has been audited by them.

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Principles, which require appointments to be on merit on the basis of fair and open competition, but also include the circumstances when appointments may otherwise be made.

Unless otherwise stated, the officials covered by this report hold appointments which are open-ended until they choose to retire. The rules for termination of appointments are set out in chapter 11 of the Civil Service Management Code. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

SPPA, in line with Scottish Government and the rest of the UK Civil Service, introduced a policy of no mandatory retirement age for the Senior Civil Service from 1 October 2009, in line with the implementation of the Employment Equality (Age) Regulations 2006. Under current arrangements, an individual's pension will become payable from age 60 if they were employed in the Civil Service prior to 30 July 2007, and in these circumstances that employee can choose to leave work and collect their pension at any time from age 60, subject only to compliance with the basic notice of leave requirements. The Government announced a number of reforms to civil service pensions which are applied from 1 April 2015. Subsequent pension arrangements are detailed further below in the appropriate sections.

The [Civil Service Commission's](https://civilservicecommission.independent.gov.uk/)⁷ website provides further information about their work.

The Non-Executive Members provide direct, external, support, challenge and guidance to the Chief Executive and senior staff in relation to the delivery of risk, assurance and internal controls framework and participate in the Management Advisory Board and Audit and Risk Committee. Helen Mackenzie, Non-Executive Member, was the Chair of SPPA Audit and Risk Committee for the period covered by the Accounts 2021-22.

Independent Non-Executive Members of SPPA are appointed by the Chief Executive for an initial period of four years, with the option of another four year period to follow. Section 2.1.2 includes details of Non-Executive Members.

⁷ <https://civilservicecommission.independent.gov.uk/>

2.4.1 Remuneration Policy

The remuneration of senior civil servants (SCS) is set in accordance with the Civil Service Management Code and with independent advice from the Review Body on Senior Salaries (SSRB).

In reaching its recommendations, the SSRB is to have regard to the following considerations:

- The need to recruit, retain, motivate and where relevant, promote suitably able and qualified people to exercise their different responsibilities;
- Regional/local variations in labour markets and their effects on the recruitment, retention and, where relevant, promotion of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- The funds available to departments as set out in the Government's departmental expenditure limits; and
- The Government's inflation target.

Further information about the work of the SSRB can be found via the [Office of Manpower Economics](#)⁸.

Within the Scottish Government the Talent Action Group (TAG), comprising the Permanent Secretary, Director People and two Non-Executive Members, approve SCS pay structures and pay awards. They ensure that pay proposals fall within Scottish Public Sector Pay Policy, and the Cabinet Office framework for SCS pay.

Non-Executive Members receive fees on a quarterly basis. Non-executive members are also reimbursed for expenses incurred in the course of their duties.

⁸ <https://www.gov.uk/government/organisations/office-of-manpower-economics>

2.4.2 Remuneration disclosure

2.4.2.1 Non-Executive Directors (audited information)

The non-executive directors are not salaried, but received the following in fees and expenses in connection with their duties:

	2021-22 £'000	2020-21 £'000
Mark Adderley	0-5	0-5
Ian Forbes	0-5	0-5
Elizabeth Holmes	0-5	0-5
Helen Mackenzie	0-5	0-5
Jane Malcolm	Nil	Nil
Norman McNeil	0-5	0-5
Lesley Fraser (with effect from July 2020)	Salary paid by Scottish Government	Salary paid by Scottish Government

2.4.2.2 Executive Team (audited information)

The following sections provide details of the remuneration and pension interests of the Executive Team of the SPPA.

Name and Title	Single total figure of remuneration 2021-22			2020-21		
	Salary £'000	Pension benefits (to nearest £1000) ⁹	Total £'000	Salary £'000	Pension benefits (to nearest £1000)	Total £'000
David Robb, Chief Executive¹⁰ (interim from 21 April 2021; substantive from 10 December 2021)	65-70 (85-90 full year equivalent)	43	110- 115	-	-	-
Karen Morley, Head of Finance, Procurement and Risk (from 1 Feb 2021)	65-70	53	120- 125	10-15 (65-70 full year equivalent)	10	20-25

Continued on page 53

⁹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decreases due to a transfer of pension rights.

¹⁰ Salary for April 2021-June 2021 paid by Scottish Government DG Communities.

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2.4.2.2 Executive Team (audited information) (continued)

Garry Cossar, Head of Strategy, People & Communications (Interim from 1 Feb 2022); Head of Colleague Experience (Interim from 25 Jan 2021 to 31 Jan 2022)	65-70	27	100-105	15-20 (60-65 full year equivalent)	5	20-25
Iain Coltman, Head of Policy (Interim from 1 Feb 2022); Head of Regulatory Affairs (Interim from 1 Sept 2021 to 31 Jan 2022)	60-65	15	75 - 80	-	-	-
Craig Gardiner, Chief Operating Officer¹¹ (interim from 13 Dec 2021)	20 – 25 (75-80 full year equivalent)	15	35 – 40	-	-	-
Andre Morelli, Head of Digital Transformation & IT Operations (to 31 Jan 2022)	65-70 (80-85 full year equivalent)	26	95-100	80-85	31	110-115
Paplu Dey, Head of Customer Services (to 31 Jan 2022)	60-65 (65-70 full year equivalent)	36	100-105	65-70	66	135-140
Rachel Miller, Interim Head of Operational Excellence (from 25 Jan 2021 to 31 Jan 2022)	50-55 (60-65 full year equivalent)	18	70-75	15-20 (60-65 full year equivalent)	4	20-25
Tom Nash, Head of Business Affairs (to 23 Aug 2021)	30-35 (70-75 full year equivalent)	12	45-50	75-80	31	105-110
Ian Waugh, Chief Financial Officer (to 31 Mar 2021)	-	-	-	85-90 ¹²	28	115-120
Matthew Valente, Head of Business Management (to 14 Nov 2020) Interim Chief Executive Officer (from 15 Nov 2020 to 31 Mar 2021)	-	-	-	70-75	28	95-100
Penelope Cooper, Chief Executive (to 15 Nov 2020)	-	-	-	50-55 (part year salary, 85-90 full year equivalent)	21	70-75

¹¹ Salary paid by Registers of Scotland – Seconded

¹² Salary includes payment in respect of untaken annual leave during the year to March 2021.

Notes

- Salary: 'Salary' includes gross salary; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the SPPA and thus recorded in these accounts.
- Benefits in kind: No benefits in kind were paid during the year ended 31 March 2022.
- Bonuses: No Director received any bonus payments during the year ended 31 March 2022.
- The pay of the Chief Executive, as a member of the Senior Civil Service, is set by the Cabinet Office. The SPPA does not have a separate performance pay scheme for senior managers but applies the Scottish Government-wide remuneration policy equally to all staff including senior management.

2.4.2.3 Pension benefits (audited information)

Name and title	Accrued pension at pension age as at 31 March 22 and related lump sum	Real increase in pension and lump sum at pension age	CETV at 31 March 2022	CETV at 31 March 2021	Real increase/ (decrease) in CETV
	£'000	£'000	£'000	£'000	£'000
David Robb, Chief Executive (interim from 21 Apr 2021; substantive from 10 Dec 2021)	35 - 40 plus a lump sum of 90 - 95	0 - 2.5 plus a lump sum of 0 - 2.5	815	740	31
Karen Morley, Head of Finance, Procurement and Risk (from 1 Feb 2021)	30 - 35 plus a lump sum of 65 - 70	2.5 - 5 plus a lump sum of 2.5 - 5	628	554	42
Garry Cossar, Head of Strategy, People & Communications (Interim from 1 Feb 2022); Head of Colleague Experience (Interim from 25 Jan 2021 to 31 Jan 2022)	0 - 5	0 - 2.5	36	21	10
Iain Coltman, Head of Policy (Interim from 1 Feb 2022); Head of Regulatory Affairs (Interim from 1 Sep 2021 to 31 Jan 2022)	5 - 10	0 - 2.5	100	90	7
Craig Gardiner, Chief Operating Officer ¹³ (interim from 13 Dec 2021).	20 - 25 plus a lump sum of 40 - 45	0 - 2.5 plus a lump sum of 0 - 2.5	325	314	7
Andre Morelli, Head of Digital Transformation & IT Operations (to 31 Jan 2022)	0 - 5	0 - 2.5	53	33	15
Paplu Dey, Head of Customer Services (to 31 Jan 2022)	20 - 25	0 - 2.5	311	274	21

Continued on page 56

¹³ Salary paid by Registers of Scotland - Seconded

2.4.2.3 Pension benefits (audited information) (continued)

Rachel Miller, Interim Head of Operational Excellence (from 25 Jan 2021 to 31 Jan 2022)	0 - 5	0 – 2.5	17	9	6
Tom Nash, Head of Business Affairs (to 23 Aug 2021)	5 - 10	0 – 2.5	75	70	4
Ian Waugh, Chief Financial Officer (to 31 Mar 2021)	-	-	-	644	-
Matthew Valente, Head of Business Management (to 14 Nov 2020) Interim Chief Executive Officer (from 15 Nov 2020)	-	-	-	18	-
Penelope Cooper, Chief Executive (to 15 Nov 2020)	-	-	-	99	-

2.4.2.4 Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into **alpha** sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below).

All members who switch to **alpha** have their PCSPS benefits 'banked,' with those with earlier benefits in one of the final salary sections of the PCSPS having those

benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha**, the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk¹⁴

¹⁴ <https://www.civilservicepensionscheme.org.uk/>

2.4.2.5 Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs (Cash Equivalent Transfers Values) are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

2.4.2.6 Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

2.4.3 Fair pay (audited)

The SPPA is required to disclose the relationship between the remuneration of the highest-paid employee and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The lower quartile, median and upper quartile remuneration calculation includes directly employed staff paid through SPPA's payroll and covers both permanent staff and those on fixed term contracts. It does not include temporary Agency staff paid by invoice.

The Scottish Government Director General Corporate reviewed the Chief Executive position at SPPA which resulted in the role being regraded from Deputy Director in 2020-21 to Director in 2021-22. The banded remuneration (excluding pension benefits) of the highest paid employee in the organisation in 2021-22 was increased to £95-100,000 for the Chief Executive as a result (2020-21: £85-90,000). This was 3.6 times (2020-21: 3.5) the median remuneration of the workforce, which was £27,231 (2020-21: £24,706). The ratio is calculated as the mid-point of the highest band divided by the median total remuneration. The increase in the pay ratio is

Parliamentary Accountability Report

attributable to the change in the highest paid director being greater than the equivalent change in employee's pay as a whole.

The SPPA believes the median pay ratio for the relevant financial year is consistent with the pay, reward and progression policies for the agency's employees taken as a whole.

The percentage change from the previous financial year in respect of the highest paid director was 11%. The average percentage change from the previous financial year in respect of the employees of the entity taken as a whole was 10%. The increase is due to payment of an annual pay award and progression through the pay steps for each pay band.

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The remuneration of the employee at the 25th percentile, median and 75th percentile is set out below. The pay ratio shows the relationship between the total pay and benefits of the highest paid employee (excluding pension benefits) and each point in the remuneration range for the organisation's workforce.

Table 2.4.3a Median Pay Disclosure

2021-22	25th percentile	Median	75th percentile
Salary component of pay	£25,934	£27,231	£31,542
Pay, performance pay and bonuses excluding pension: pay ratio for highest paid employee	3.76	3.58	3.09
2020-21	25th percentile	Median	75th percentile
Salary component of pay	£20,240	£24,706	£29,493
Pay, performance pay and bonuses excluding pension: pay ratio for highest paid employee	4.32	3.54	2.97

2.5 Staff Report

2.5.1 Staff numbers, costs, and pensions (audited information)

	2021-22	2020-21
Administration costs	£000	£000
Wages and salaries	8,947	8,349
Social security costs	826	758
Other pension costs	2,233	2,056
Agency staff costs	1,714	1,139
Total administration staff costs	13,720	12,302

Average number of full-time equivalent persons employed ¹⁵	2021-22			2020-21		
	Female	Male	Total	Female	Male	Total
Senior civil servant	0	1	1	1	0	1
Senior management	1	2	3	1	5	6
Other permanent staff	141	131	272	144	131	275
Agency staff	10	13	23	10	8	18
	152	147	299	156	144	300
Included in the numbers above						
Number of staff on capital projects			0			0

Notes

- Civil Service pension arrangements are unfunded multi-employer defined benefit schemes, but the SPPA is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the Civil Service pension arrangements as at 31 March 2016. You can find details in the [resource accounts of the Cabinet Office: Civil Superannuation¹⁶](#).
- For 2021-22, employers' contributions of £2.225m were payable to the PCSPS (2020-21 £2.047m) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2021-22 to be paid when the member retires and not the benefits paid during this period to existing pensioners.
- Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £0.008m (2020-21 £0.009 million) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%.

¹⁵ Excludes secondees

¹⁶ <http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>

2.5.2 Staffing

Staff turnover as at 31-03-22 was 18.8% equating to 33.59 FTE (full time equivalent) (2020-21: 7.3% equating to 23.6 FTEs). Included within staff turnover were 21 FTE agency staff, 10 FTE of which have now secured permanent roles within the SPPA. It is likely that an increase in flexible/hybrid/home working opportunities within Scottish Government has allowed many more people to pursue opportunities within other government departments. We have also seen a larger than usual number of retirements with 10 (headcount) members of staff retiring from Scottish Government.

Chart 2.5a – headcount percentage of permanent and fixed-term staff by pay range¹⁷ at end of Mar 2022.

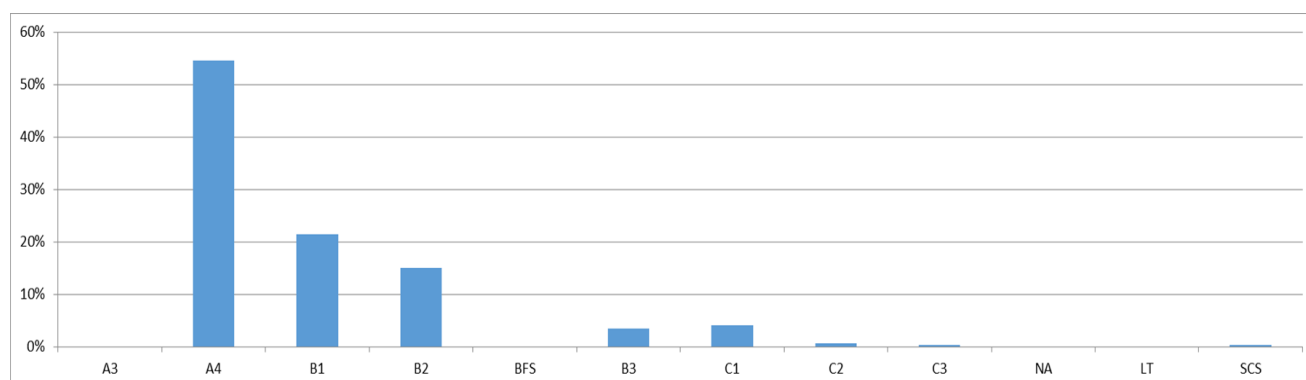


Chart 2.5b – headcount of permanent and fixed-term staff by pay range at end of Mar 2022.

Pay Range	A3	A4	B1	B2	BFS	B3	C1	C2	C3	NA	LT	SCS	All
SPPA Total count	-	170	67	47	-	11	13	2	1	-	-	1	312
SPPA Total %	-	54.5	21.5	15.1	-	3.5	4.2	0.6	0.3	-	-	0.3	100
SG Core Equivalent %	5.0	5.3	13.7	20.3	0.6	23.8	17.2	8.3	1.5	1.7	0.1	2.4	100

2.5.3 Employee recruitment

Recruitment and promotion campaigns undertaken by the SPPA were carried out on the basis of fair and open competition, selection on merit and in accordance with Scottish Government guidance and the Civil Service Commissioners Recruitment Principles. Changes to senior leadership structure have been outlined elsewhere in this report. The below recruitment summary does not include posts which were filled on a temporary basis and refers to headcount throughout:

- 49 'A' band vacancies were filled, of which 47 were filled through external recruitment. A recruitment freeze during 2020-21 accounted for the higher than usual number of vacancies at this level. Two of these were new posts.

¹⁷ Pay ranges are in accordance with the Public Sector Pay Policy for 2020-21; confirmation of pay grades is contained within section three of the [technical guide](#)

- 16 'B' band vacancies were filled, of which 14 were filled internally and two externally. Five of these were new posts.
- Three 'C' band vacancies were filled, one from SG/OGD and two externally. Two of these were new posts.
- One 'SCS' vacancy was filled from within SG.

2.5.4 Sickness absence management

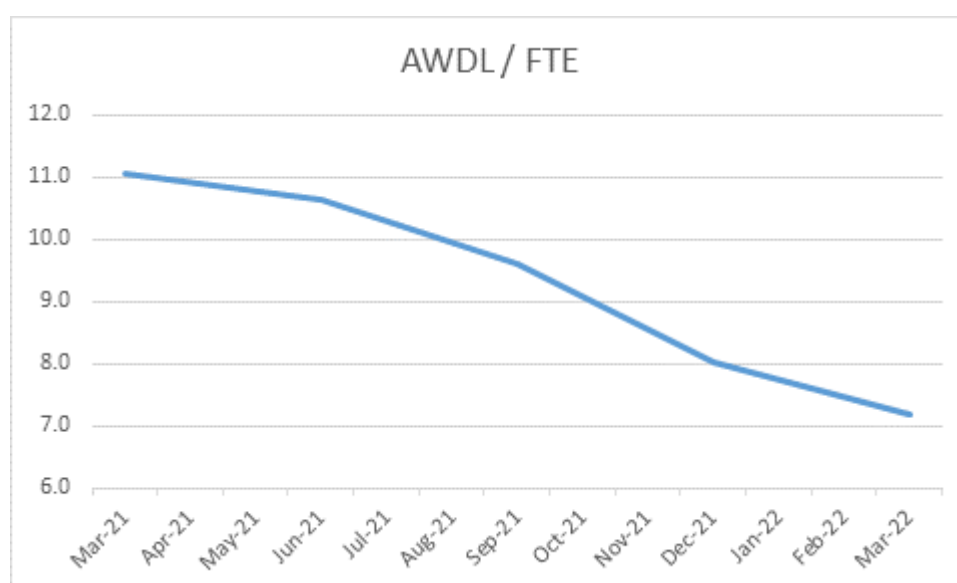
The SPPA's HR team monitors attendance management and supports managers in applying the Scottish Government attendance management policy. The HR team provides support and advice to ensure early intervention and encourages those coming back from long term sick leave to return on part time medical grounds. Staff awareness sessions were held to ensure a consistent management approach and in order to effectively manage some persistent long-term absences, which account for the difference from SG average working days lost.

The total average working days lost in 2021-22 was 7.2 per FTE member of staff (2020-21: 11.1) compared to the SG figure of 7.3 per FTE which is up from 5.3 in 2020-21 (calculated on a rolling 12-month basis).

In the last 12 months, the SPPA has seen Average Working Days Lost (AWDL) per FTE reduce by 35% this is a huge improvement which the team will continue to build on and monthly monitoring of the AWDL appears to show this trend continuing into 2022-23. Enhanced metrics are assisting identification of trends and the drivers behind sickness absence, which will inform future actions aimed at improving attendance management processes.

Our reasons for absence are similar to elsewhere in the Scottish Government's other delivery bodies, with stress, anxiety or upset being the reason for over 50% of absences.

Chart 2.5b: Average working days lost



2.5.5 Employees with disabilities

The SPPA complies with the Scottish Government's Civil Service Code of Practice on the employment of people with disabilities and is an Employment Services disability symbol user. The code of practice aims to ensure that there is no discrimination on the grounds of disability and that access to employment and career advancement with the SPPA is based solely on ability, qualifications, and suitability for the work. There are a number of staff with disabilities who continue to be supported in confidence.

2.5.6 Reporting of Civil Service and other compensation schemes – exit packages

In 2021-22, one compensation settlement of less than £5,000 (2020-21 £nil) was paid to a member of SPPA staff in respect of the efficiency dismissal notification.

Number and cost of exit packages		
Exit packages Cost band	No of departures agreed 2021-22	No of departures agreed 2020-21
Less than £10,000	1	0
£10,000-£25,000	0	0
£25,000-£50,000	0	0
£50,000-£100,000	0	0
	1	0
Total number of exit packages		
Total cost of exit packages	£*****	£Nil

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in the year of departure. Where the SPPA has agreed early retirements, the additional costs are met by the SPPA and not by the Civil Service Pension Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

There were no compulsory redundancies in 2021-22 or in the prior year.

2.5.7 Trade Union facility time disclosures

The Trade Union (Facility Time Publication Requirements) Regulations came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data is required to be published each year on a website maintained by or on behalf of the employer before 31 July each year. As the SPPA is not listed as a separate body under the terms of the Legislation, the Scottish Government's reporting will include SPPA.

3 Parliamentary accountability report

3.1 Losses and special payments

There were 6 special payments totalling £13,400 and no material losses incurred in the year to 31 March 2022 (Nil: 31 March 2021).

3.2 Fees and charges

Information on fees and charges raised during the year are provided at note 4 to the financial statements.

3.3 Remote contingent liabilities

There were no remote contingent liabilities to report as at 31 March 2022 (Nil: 31 March 2021).



David Robb
Chief Executive
19 December 2022

4. Independent Auditor's Report

Independent auditor's report to the Scottish Public Pensions Agency, the Auditor General for Scotland, and the Scottish Parliament

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Scottish Public Pensions Agency for the year ended 31 March 2022 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of comprehensive net expenditure, the Statement of financial position, Statement of cash flows, Statement of changes in taxpayers' equity, and notes to the financial statements, including the Statement of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2022 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 5 March 2020. The period of total uninterrupted appointment is three years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independent Auditor's Report

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Independent Auditor's Report

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud.

Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Report on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Independent Auditor's Report

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Independent Auditor's Report

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Gemma Diamond

Gemma Diamond, Audit Director

Audit Scotland 4th Floor,
102 West Port,
Edinburgh,
EH3 9DN

19 December 2022

5. Financial Statements 2021-22

**Statement of comprehensive net
expenditure for the year as at 31 March
2022**

**Statement of financial position as at 31
March 2022**

**Statement of cash flows for the as at 31
March 2022**

**Statement of changes in taxpayers' equity
for the year as at 31 March 2022**

**Notes to the accounts for the year ended
March 2022**

Accounts direction

Statement of comprehensive net expenditure for the year ended 31 March 2022

Statement of Comprehensive net expenditure for the year ended 31 March 2022			
	Note	2021-22 £000	2020-21 £000
Staff Costs	2	13,720	12,302
Other Operating Costs	3	5,703	5,692
Depreciation	5,6	2,426	2,026
Total operating costs		21,849	20,020
Income	4	(258)	(184)
Net operating costs		21,591	19,836

Other comprehensive expenditure			
	Note	2021-22 £000	2020-21 £000
Net (Gain) loss on revaluation of Property, Plant and equipment	5	(397)	(63)
Total Comprehensive expenditure for the year		21,194	19,773

The above results relate to continuing activities.

The notes on pages 75-90 form part of these financial statements.

Statement of financial position for the year ended 31 March 2022

	Note	2021-22 £000	2020-21 £000
Non-Current assets			
Tangible non-current assets - Property, plant and equipment	5	5,175	4,900
Intangible Assets	6	3,219	5,019
Total non-current assets		8,394	9,919
Current Assets			
Trade Receivables and other current assets	7.1	22,496	8,295
Total current assets		22,496	8,295
Total Assets		30,890	18,214
Current Liabilities			
Trade and other payables	8.1	(2,745)	(9,029)
Provisions for liabilities and charges	9	(1)	(12)
Total Current Liabilities		(2,746)	(9,041)
Total assets less current liabilities		28,144	9,173
Non-Current Liabilities			
Non-Current Trade and other payables	8.3	(9)	(14)
Total non-current liabilities		(9)	(14)
Net Assets (liabilities)		28,135	9,159
Taxpayers equity and other reserves			
General Fund		26,807	8,228
Revaluation Reserve		1,328	931
Total Taxpayers equity		28,135	9,159

The notes on pages 75-90 form part of these financial statements.



David Robb
Chief Executive

19 December 2022

Statement of cash flows for the year ended 31 March 2022

	Note	2021-22 £000	2020-21 £000
Cash flows from operating activities			
Net operating cost		(21,591)	(19,836)
Adjustments for non-cash transactions			
Depreciation	5,6	2,426	2,026
Notional costs for services provided	3	279	271
Movements in working capital			
(Increase)/Decrease in trade and other receivables	7	(14,201)	1,073
(Decrease) in trade and other payables	8	(6,284)	(2,065)
Increase in property, plant and equipment trade and other payables	8	10	67
Increase in intangible asset trade and other payables	8	-	834
Increase/(Decrease) in provisions	9	(11)	12
Net cash outflow from operating activities		(39,372)	(17,618)
Cash flows from investing activities			
Purchase of tangible non-current assets	5	(219)	(157)
(Decrease) in property, plant and equipment trade and other payables	8	(10)	(49)
Purchase of intangible assets	6	(285)	(1,376)
(Decrease) in intangible asset trade and other payables	8	-	(834)
Net cash outflow from investing activities		(514)	(2,416)
Capital element of finance lease payments		(5)	(5)
Net funding – Agency		19,406	20,685
Net funding – pension payments on behalf of Scottish police and fire services		20,485	(646)
Total net financing		39,886	20,034
Increase/(decrease) in cash and cash equivalents		-	-

The notes on pages 75-90 form part of these financial statements.

Statement of changes in taxpayers' equity for the year ended 31 March 2022

Statement of changes in taxpayers' equity				
For the year ended 31 March 2022				
	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2021		8,229	931	9,160
Net gain on revaluation of tangible non-current assets	5	-	397	397
Non-cash charges – Scottish Government services	3.3	115	-	115
Non-cash charges - Auditors remuneration	3.3	163	-	163
Net operating cost for the year		(21,591)	-	(21,591)
Net funding		39,891	-	39,891
Balance at 31 March 2022		26,807	1,328	28,135

Statement of changes in taxpayers' equity for the year ended 31 March 2021

Statement of changes in taxpayers' equity				
For the year ended 31 March 2021				
	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2020		7,755	868	8,623
Net gain on revaluation of tangible non-current assets	5	-	63	63
Non-cash charges - SCOTTISH GOVERNMENT services	3.3	111	-	111
Non-cash charges - Auditors remuneration	3.3	160	-	160
Net operating cost for the year		(19,836)	-	(19,836)
Net funding		20,039	-	20,039
Balance at 31 March 2021		8,229	931	9,160

The notes on pages 75-90 form part of these financial statements.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2021-22 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. The accounts are prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles set out in International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors. Changes in accounting policies, which do not give rise to a prior year adjustment, are reported in the relevant note.

The particular policies adopted by the Agency are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

New accounting standards

All new standards issued, and amendments made to existing standards are reviewed by the Financial Reporting and Advisory Board (FRAB) for subsequent inclusion in the FReM in force for the year in which the changes become applicable. The standard that is considered relevant to the Agency and the anticipated impact on the accounts is as follows:

IFRS 16 – Leases

Originally planned to come into effect for accounting periods beginning after 1 April 2020, the distinction between finance and operating leases is removed and all leases become “on balance sheet”. Due to the impact of the Coronavirus crisis, FRAB has agreed to postpone the adoption of IFRS 16 by a further year, and therefore will not come in to force until 1 April 2022. The FReM interprets and adapts IFRS 16 for the public sector context in several ways. Information is currently being gathered to identify all right of use and leased assets not currently capitalised. These assets will be included on the statement of financial position from 1 April 2022, in accordance with the transition arrangements set out in IFRS 16 application guidance issued by HM Treasury in April 2019.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant, and equipment (PPE), intangible assets and where material, inventories to fair value as determined by reference to their current costs.

Financial Statements

1.2 Property, plant, and equipment (PPE)

- **Recognition:** All PPE assets will be accounted for as non-current assets unless they are deemed to be held-for-sale and will be accounted for under IAS 16 Property, Plant and Equipment. Scottish Ministers hold the legal title or effective control over all land and buildings shown in the accounts.
- **Valuation:** The land and buildings at Tweedbank were valued as at 31 March 2018 by the District Valuer Services of the Valuation Office Agency in the capacity of External Valuers using the Depreciated Replacement Cost method. The valuation was undertaken in accordance with IFRS standards, the FReM, and RICS Valuation Professional Standards. A professional revaluation of the property will be undertaken at least every five years, and appropriate indices used to restate the values in the intervening years. During intervening years, any minor additions have been reported at depreciated historic cost as a proxy for fair value.

Losses in value reflected in valuations are accounted for in accordance with IAS 36, Impairment of Assets as adapted by the FReM which states that impairment losses that arise from a clear consumption of economic benefit should be taken to the outturn statement. The balance on any revaluation reserve (up to the level of impairment) to which the impairment would have been charged under IAS 36 should be transferred to the general fund.

Upwards movements in value are taken to the revaluation reserve. Downward movements are set off against any credit balance held in the revaluation reserve until the credit is exhausted and thereafter charged to the Statement of Comprehensive Net Expenditure. Depreciated historic cost has been used as a proxy for the fair value of furniture and fittings, equipment, and information technology systems. All the assets in these categories have short useful economic lives, which realistically reflect the life of the asset and a depreciation charge, which provides a realistic reflection of consumption.

Capitalisation

The minimum level for capitalisation of PPE is £1,000.

1.3 Depreciation and Amortisation

Land is considered to have an indefinite life and is not depreciated. Assets under construction are not depreciated. For all other property, plant and equipment and intangible assets depreciation or amortisation is charged from the year they are brought into service. Rates are calculated to write off their valuation by even instalments over their estimated useful lives which are normally in the following ranges:

Buildings	31 years (valuation as at 31 March 2018)
Furniture and fittings	3 to 20 years
Equipment	5 to 10 years
Information technology	3 to 7 years

Financial Statements

The useful economic life of individual assets is reviewed annually, and the asset life adjusted accordingly.

1.4 Intangible assets

In accordance with the FReM, Intangible assets are accounted for in line with the requirements of IAS 38 Intangible Assets, and are valued at depreciated replacement cost. Revaluations are carried out according to IAS 38 for assets over a valuation threshold. Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of IAS 38 Intangible Assets for assets that do not generate income. IAS 38 defines future economic benefit as, 'revenue from the sale of products or services, cost savings, or other benefits resulting from the use of the asset by the entity.'

Intangible assets other than assets under development are amortised on a straight-line basis over their estimated useful lives. Impairment reviews are carried out if there are any indicators that impairment should be considered.

Intangible assets under development are not amortised.

Purchased computer software is capitalised as an intangible asset where expenditure is greater than £1,000 or where the pooled value exceeds £1,000. All purchased software licences with a term greater than one year are capitalised as intangible assets. Software and software licences are amortised over the shorter of the term of the licence and the useful economic life. The amortisation period is over 2 to 5 years. The useful economic life of individual assets is reviewed annually, and the asset life adjusted accordingly. Development expenditure is the capitalised costs of IT systems being developed, but not yet available for use.

1.5 Financial instruments

The SPPA measures and presents financial instruments in accordance with IAS 32, IFRS 7, IFRS 13 and IFRS 9 as interpreted by the FReM. IFRS 9 came in to force in 2018-19, replacing IAS 39. IFRS 9 contains three principal classification categories for financial assets:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial liabilities are classified and subsequently measured at amortised cost. The SPPA has classified its financial instruments as follows:

- **Financial Assets:** Cash and cash equivalents, trade receivables, short term loans, prepayments, accrued income and amounts receivable will be classified as amortised cost.
- **Financial Liabilities:** Borrowings, trade payables, accruals, payables, bank overdrafts and financial guarantee contracts are classified as 'Other Liabilities.'

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Financial instruments are initially measured at fair value. The fair value of financial assets and liabilities is determined as follows:

The fair value of cash and cash equivalents and current non-interest bearing monetary financial assets and financial liabilities approximate their carrying value; and

- The fair value of other non-current monetary financial assets and financial liabilities is based on market prices where a market exists, use of appropriate indices or has been determined by discounting expected cash flows by the current interest rate for financial assets and liabilities with similar risk profiles.

Financial instruments subsequent measurement depends on their classification:

- Fair value through the profit and loss is held at fair value with any changes going through the outturn statement.
- Financial assets and liabilities held at amortised cost are not revalued. Any impairment losses go through the outturn statement.

As the cash requirements of the SPPA are met through the Scottish Government, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Agency's expected purchase and usage requirement; the SPPA is therefore exposed to little credit, liquidity, or market risk.

1.6 Revenue

Operating income is income that relates directly to the operating activities of the SPPA. It includes fees and charges for services provided, on a full cost basis, to external customers and public repayment work. Operating income is stated net of VAT.

1.7 Pensions

The SPPA as an employer

Past and present employees are covered by the provisions of the Civil Servants and Other Pensions Scheme (CSOPS) and the Principal Civil Service Pension Scheme (PCSPS), which is a defined benefit scheme and is unfunded. The SPPA recognises the expected cost of providing pensions for its employees on a systematic and rational basis over the period during which it benefits from their services by payment to the CSOPS and PCSPS of amounts calculated on an accruing basis (relevant disclosures are included in the Remuneration and Staff report) (see pages 52-59). Liability for payment of future benefits is a charge to the CSOPS and PCSPS. Separate scheme statements for the CSOPS and PCSPS as a whole are published.

The SPPA as a scheme administrator

The SPPA has responsibility for processing pension payments for the following pension schemes that sit within the scope of the SPPA's Accountable Officer:

- NHS Scotland Pension Scheme
- Scottish Teachers' Superannuation Scheme

Financial Statements

The SPPA has responsibility for processing pension payments for the following pension schemes under service level agreements with the organisations:

- Police Service of Scotland Pension Scheme
- Scottish Fire and Rescue Service Pension Scheme

The arrangements for these pension schemes are reported and explained in the annual accounts of the relevant bodies.

1.8 Value added tax (VAT)

Most of the activities of the SPPA are outside the scope of VAT, and in general output tax does not apply and input tax on purchases is not recoverable.

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts relating to operating costs, purchase cost of fixed assets and operating income are stated net of VAT. The SPPA is registered for VAT as part of The Scottish Government, which is responsible for recovering VAT from HM Revenue and Customs (HMRC) on behalf of the SPPA.

1.9 Leases

As directed by the FReM, IAS 17 Leases and SIC15 Operating Leases apply. Where substantially all the risks and rewards of ownership of a leased property are borne by the entity, it is recorded as a non-current asset and a corresponding payable recorded in respect of the debt due to the lessor, with the interest element of the finance lease payment charged to the operating cost statement. Leases other than finance leases are treated as operating leases, and rentals payable in respect of operating leases will be charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

1.10 Provisions

IAS 37 Provisions, Contingent Liabilities and Contingent Assets applies in full, and in these accounts, provisions are made for legal or constructive obligations which are of uncertain timing or amount at the statement of financial position date on the basis of the best estimate of the expenditure required to settle the obligation. Where material, they have been discounted using the appropriate discount rate as prescribed by HM Treasury.

1.11 Contingent Liabilities

Contingent liabilities include those required to be disclosed under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

1.12 Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an estimate of likely impairment. Impairment of trade receivables is calculated through an expected credit loss model.

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1.13 Trade Payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.14 Short term employee benefits

A liability and an expense is recognised for holiday days, holiday pay, and other short-term benefits when the SPPA's employees render service that increases their entitlement to these benefits. As a result, an accrual has been made for holidays earned but not taken.

1.15 Police Service of Scotland (PSoS) and Scottish Fire and Rescue Service (SFRS)

The SPPA has a statutory responsibility to act as Pension Scheme Manager on behalf of Scottish Ministers and has responsibility for processing pension payments for the PSoS and SFRS pension schemes under a service level agreement with the organisations. Under its Agency status the SPPA has access to and utilises Scottish Government designated bank accounts in order to carry out its functions, including that assigned in its 'Framework Agreement,' for administering PSoS and SFRS pensions. Under current funding arrangements, PSoS and SFRS pensions paid to members are required to be reimbursed to the SPPA by PSoS and SFRS.

Amounts paid to HMRC by the SPPA relating to PSoS and SFRS pension scheme obligations follow similar reimbursement arrangements. The account balances due at the year-end are included in the SPPA's Statement of Financial Position. The temporary funding of these balances is included in the Statement of Cash Flows.

The PSoS and SFRS account for pensions expenditure and the related funding from the Scottish Government in their separate financial statements and is, therefore, not included in the SPPA's financial statements. Scottish Ministers determine the scope of the SPPA's responsibilities in administering the PSoS and SFRS schemes and the accounting arrangements have been agreed with them.

1.16 Going concern

The Agency receives its funding from the Scottish Government and its annual operating budget is approved and published each year, as part of the Scottish Government's budget, by the Scottish Parliament. Funding requirements have been agreed with the Scottish Government that give the Management Advisory Board reasonable expectation that the SPPA will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in the preparation of the annual report and accounts.

Financial Statements

2. Staff numbers, costs, and pensions

Information is detailed in the Accountability Report on pages 60-63.

3. Other administration costs

	2021-22	2020-21
	£000	£000
3.1 General administration expenses		
IT Maintenance	2,407	2,438
Actuarial Services	1,800	1,700
Reform of Guaranteed Minimum Pension (GMP)	65	193
Professional & technical advisory services	78	154
Postage	162	150
Subscriptions	189	132
Other minor running costs	130	104
Training	127	79
Medical services	74	69
Compensation payments	3	21
Travel & subsistence	4	2
	5,039	5,042
3.2 Accommodation and support services		
Rates	147	126
Maintenance	60	90
Other accommodation costs	178	163
	385	379
3.3 Notional charges		
Services provided by the Scottish Government	115	111
Audit fee	164	160
	279	271
Other administration costs total	5,703	5,692

The SPPA has reviewed items of income and expenditure as a result of COVID-19 and taken the view that these are not sufficiently material enough for disclosure.

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4. Operating income

	2021-22 £000	2020-21 £000
Pension sharing on divorce – charges to courts and solicitors	224	149
Pension calculation services for third parties	34	30
Other	-	5
	258	184

5. Property, Plant and Equipment

For the year ended 31-Mar-22	Land	Buildings	Information Technology	Equipment	Furniture and Fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000
At 1 April 2021	426	4,552	843	105	747	6,673
Additions	-	15	171	-	33	219
Disposals	-	-	-	-	-	-
Revaluations	35	362	-	-	-	397
At 31 March 2022	461	4,929	1,014	105	780	7,289
Depreciation						
At 1 April 2021	-	467	592	77	637	1,773
Charged in year	-	170	127	9	35	341
Disposals	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
At 31 March 2022	-	637	719	86	672	2,114
NBV at 31 March 2022	461	4,292	295	19	108	5,175
NBV at 31 March 2021	426	4,085	251	28	110	4,900

Equipment includes assets held under finance leases with a net book value of £0 (2020-21: £26k).

Financial Statements

5a. Property, Plant and Equipment

For the year ended	Land	Buildings	Information Technology	Equipment	Furniture and Fittings	Total
31-Mar-21						
Cost or valuation	£000	£000	£000	£000	£000	£000
At 1 April 2020	420	4,448	896	112	708	6,584
Additions	-	41	58	19	39	157
Disposals	-	-	(111)	(26)	-	(137)
Revaluations	6	63	-	-	-	69
At 31 March 2021	426	4,552	843	105	747	6,673
Depreciation						
At 1 April 2020	-	300	541	91	614	1,546
Charged in year	-	161	162	12	23	358
Disposals	-	-	(111)	(26)	-	(137)
Revaluations	-	6	-	-	-	6
At 31 March 2021	-	467	592	77	637	1,773
NBV at 31 March 2021	426	4,085	251	28	110	4,900

Financial Statements

6. Intangible assets

For the year ended 31 March 2022	Software Licences	IT	Assets Under Development	Total
Cost or valuation	£000	£000	£000	£000
At 1 April 2021	3,324	12,117	-	15,441
Additions	-	285	-	285
Disposals	-	-	-	-
Transfers	-	-	-	-
At 31 March 2022	3,324	12,402	-	15,726
Amortisation				
At 1 April 2021	1,616	8,806	-	10,422
Charged in year	703	1,382	-	2,085
Disposals	-	-	-	-
At 31 March 2022	2,319	10,188	-	12,507
NBV at 31 March 2022	1,005	2,214	-	3,219
NBV at 31 March 2021	1,708	3,311	-	5,019

Financial Statements

6a. Intangible assets

For the year ended 31 March 2021	Software Licences	IT	Assets Under Development	Total
Cost or valuation	£000	£000	£000	£000
At 1 April 2020	2,126	11,790	203	14,119
Additions	1,200	176	-	1,376
Disposals	(2)	(52)	-	(54)
Transfers	-	203	(203)	-
At 31 March 2021	3,324	12,117	-	15,441
Amortisation				
At 1 April 2020	1,295	7,513	-	8,808
Charged in year	323	1,345	-	1,668
Disposals	(2)	(52)	-	(54)
At 31 March 2021	1,616	8,806	-	10,422
NBV at 31 March 2021	1,708	3,311	-	5,019

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7. Trade receivables and other current assets

7.1 Amounts falling due within one year	2021-22	2020-21
	£000	£000
Trade receivables	(1)	2
Prepayments and accrued income	1,767	1,814
Cash in transit	304	17
Other receivables*	20,426	6,462
Total receivable within one year	22,496	8,295

7.2 Intra-government balances

Balance with bodies external to government	22,496	8,295
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*Other receivables relate to the payment of pensions on behalf of Police Service of Scotland and Scottish Fire and Rescue Service.

8. Trade payables and other current liabilities

8.1 Amounts falling due within one year	2021-22	2020-21
	£000	£000
Trade payables	227	522
Accruals and deferred income	1,023	777
Taxation and social security*	1,479	7,633
Other payables*	11	92
Finance lease	5	5
Total due within one year	2,745	9,029

Notes

- *Taxation and social security liabilities and other payables relate to the payment of pensions on behalf of the Police Service of Scotland and Scottish Fire and Rescue Service.

8.2 Intra-government balances falling due within one year	2021-22	2020-21
	£000	£000
Balances with other central government bodies**	620	731
Balances with bodies external to government	2,125	8,298
Total due within one year	2,745	9,029

8.3 Amounts falling due after more than one year	£000	£000
Finance lease	9	14
Total due after one year	9	14

8.4 Intra-government balances falling due after more than one year	£000	£000
Balances with bodies external to government	9	14
Total due after one year	9	14

Notes

- **Includes accrued employee benefits.

9. Provisions for liabilities and charges

	2021-22	2020-21
	£000	£000
Provision at 1 April	12	-
Provided in the year	(11)	12
Balance as at 31 March	1	12

Analysis of expected timing of any resulting outflows of economic benefits

Payable in 1 year	1	12
Total as at 31 March	1	12

NHS Scotland Pension Scheme and Scottish Teachers' Superannuation Scheme

The provision at 31 March 2022 of £1k relates to scheme member compensation claims (£12K as at 31 March 2021), which are being dealt with by the SPPA's Internal Disputes Resolution Procedure and the Pensions Ombudsman Service.

10. Capital commitments

Capital commitments at 31 March 2022 not otherwise included in these accounts.

	2021-22	2020-21
	£000	£000
Property, plant, and equipment		
Contracted capital commitments for which no provision has been made	4	90
Intangible Assets		
Contracted capital commitments for which no provision has been made	-	31

2020-21 property, plant and equipment commitments include future payments of £4k (2020-21: £90k) in respect of docking stations due to be delivered after 31 March 2022.

2020-21 Intangible asset commitments relate to planned pension platform change requests.

Financial Statements

11. Commitments under leases

Total future minimum lease payments under leases are given in the table below for each of the following periods.

11.1 Obligations under operating leases comprise:	2021-22	2020-21
	£000	£000
Office Equipment		
Not later than one year	3	13
Later than one year and not later than five years	1	4
	4	17

11.2 Obligations under finance leases comprise:	2021-22	2020-21
	£000	£000
Office Equipment		
Not later than one year	5	5
Later than one year and not later than five years	11	16
Less interest element	(2)	(3)
	14	18

12. Related-party transactions

- The SPPA is a Scottish Government executive Agency, which is therefore regarded as a related party.
- During the year, the SPPA has had a number of material transactions with the Scottish Government.
- During the year, none of the Board Members, key managerial staff or other related parties has undertaken any material transactions with the SPPA.

13. Contingent Liabilities disclosed under IAS 37: Provisions, Contingent Liabilities and Contingent Assets

The definition of a contingent Liability under IAS 37: Provisions, Contingent Liabilities and Contingent Assets is:

- A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not within the entity's control; or
- A possible obligation that arises from past events but is not recognised because it is not probable that a transfer of economic benefits will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

NHS Scotland Pension Scheme and Scottish Teachers' Superannuation Schemes Related: Compensation claims of £nil (£1,000 at 31 March 2021).

14. Important events occurring after the year end

No material event has occurred after the year end which had a bearing on the accounts.



SCOTTISH PUBLIC PENSIONS AGENCY

DIRECTION BY THE SCOTTISH MINISTERS

in accordance with section 19(4) of the Public Finance and Accountability
(Scotland) Act 2000

- 1. The statement of accounts for the financial year ended 31 March 2006 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts is prepared.**
- 2. The accounts shall be prepared to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the end of the financial year.**
- 3. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 29 March 2001 is hereby revoked.**

A handwritten signature in blue ink, appearing to read 'Alison Stelfox'.

Signed by the authority of the Scottish Ministers

17 January 2006