



Scottish Public
Pensions Agency
Buidheann Peinnseanan
Poblach na h-Alba

Scottish NHS Pension Board 2022-23 Annual Report

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1. The Pension Board Purpose and Role

The Public Service Pensions Act 2013 required the establishment of Pension Boards to “assist the Scheme Manager” in securing compliance with regulations and other legislation.

The Pension Board collectively, and members individually, are accountable to the ‘Responsible Authority’ and ‘Scheme Manager’ (ultimately Scottish Ministers) with the Cabinet Secretary for Finance acting as lead Minister for public sector pensions. SPPA assumes the day to day role of Responsible Authority and Scheme Manager as delegated by Scottish Ministers via the Agency Framework Document. The Scotland Act 1998 (which established the Scottish Ministers) provides for statutory functions to be conferred on “the Scottish Ministers” collectively.

The Pension Board assists the Scheme Manager by:

Administrative:

- Considering quality, timeliness and accuracy of the administrative services provided to members
- Monitoring administrative processes and supporting continuous improvements
- Supporting employers and the SPPA in communicating effectively to Scheme members
- Ensuring members have access to a range of tools to improve their understanding of their pension benefits
- Ensuring Scheme data is managed to the highest standards
- Ensuring compliance with The Pensions Regulator’s codes of practice and oversight of interaction between the Scheme Manager and The Pensions Regulator
- Requesting reports on specific topics from the Scheme Manager – as required

Financial:

- Considering the quadrennial Scheme valuations’ process and progress

Strategic:

- Considering the future programme of service improvement at SPPA and its alignment with priorities
- Considering lessons learned from customer complaints and Pension Ombudsman cases
- Fostering good working relationships with The Pensions Regulator and other service delivery partners
- Considering the annual report from The Pensions Regulator, including any responses to consultations
- Producing an annual report outlining the work of the Pension Board throughout the Scheme year

A terms of reference is maintained by the Pension Board.

2. Annual Update from the Independent Chair

Welcome to this Annual Report of the SPPA NHS (Scotland) Pension Board. I would like to start by thanking Gordon McKay for his support and guidance over the last eight years since the Board was established, and wish him well for the future. Thanks also to Mark Cook for his support as Vice-Chair since 2019, and wish him well in his new role as Chair of the SPPA Teachers' Pension Board. In saying goodbye to two colleagues, I also welcome David Vallery, Chief Executive of Lothian Pension Fund, who has joined as Vice-Chair, and Raymond Marshall who joined as a successor for Gordon McKay.

The SPPA has also had management changes with David Robb, CEO being confirmed in role following a period as interim CEO, and Frances Graham recently being appointed as Chief Operating Officer. The NHS Pension Board had expressed concern about the number of interim positions in the SPPA's leadership team and these permanent appointments will hopefully bring a welcome period of stability.

Over the last twelve months, the SPPA has been working hard to stabilise the service to members and employers following the disruption caused by COVID, and has had some success. This, combined with the launch of the [SPPA's business plan](#), will help give the Board more confidence that current service issues are addressed as the SPPA focuses on what is important to members and of course, to employers. The SPPA has improved engagement with employers and now issues a regular newsletter for employers, which has been well received.

However, it would be remiss not to highlight the financial constraints the SPPA is working under, and the enormous workload it has on key priorities. These include significant projects including the McCloud Remedy, Practitioners' Remediation, and implementation of the new Pension Platform which will be fundamental in delivering enhanced service to members in future years including additional self-service capability for members. These projects are in addition to the regular annual exercises including issuing Annual Benefit Statements and processing Annual Pension Increases. Each of these items is described in more detail later in this report.

With a stable leadership team in the SPPA, a clear set of business priorities as articulated in the Annual Business Plan, and support from each of the SPPA Pension Boards, we look forward to next year with confidence. The Board will continue to support and challenge the SPPA to deliver an administration service members and employers have a right to expect, recognising the financial constraints the SPPA must work within.

Over the year, £1,455m in pension payments and benefits has been paid to approximately 108k beneficiaries of the scheme. These payments are essential to the financial well-being of our members and I thank all of the staff of the SPPA for their continued contribution to providing this essential service.

Brian Barbour
Independent Chair

3. The NHS Pension Schemes – Key Numbers

Scheme Membership

We have a total of 379,940 members of which almost 30% are pensioners, and 16% deferred members. Total membership is 3% higher than last year, and almost 9% higher than in 2019/2020.

The scheme manages contributions of approximately £2bn per annum and paid out over £1bn to 108, 729 pensioner members.

Service to Members

In looking at service to members, it is worth noting that the number of members the SPPA supports has increased year on year as shown below. This increased membership, and in particular an increase in retirements has placed demands on the SPPA that at times, the SPPA has struggled to meet. However, the focus on ensuring that payments are made right, on time, first time for retirements and death claims continues in line with our understanding of member priorities.

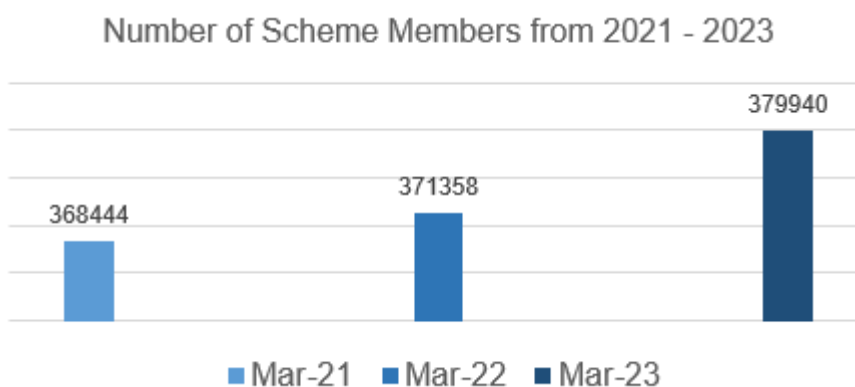


Figure 1: Membership Numbers from 2021 - 2023

Payments on time are fundamental for members, and it's positive to report that 100% of payments to existing members and over 98% of new awards were paid right first time, on time. The newly appointed Chief Operating Officer has already started to look at how this can be done more efficiently to allow resource to be applied to other service improvements.

Demand from Members

Members contact the SPPA by telephone and by email. Demand varies but there has been an increase in both telephone calls and emails over the last year. The SPPA had restructured the telephone teams aiming to improve service, but service levels were still not being met. Recognising this, the SPPA changed the way it handled calls, and the Board was pleased to note a dramatic improvement in call handling times. The Board will continue to challenge the SPPA to maintain this improvement, and build on it where possible, in the coming year.

SLA Answered Within 60 Seconds and SLA Target 90% by Year and Month

● SLA Answered Within 60 Seconds ● SLA Target 90%

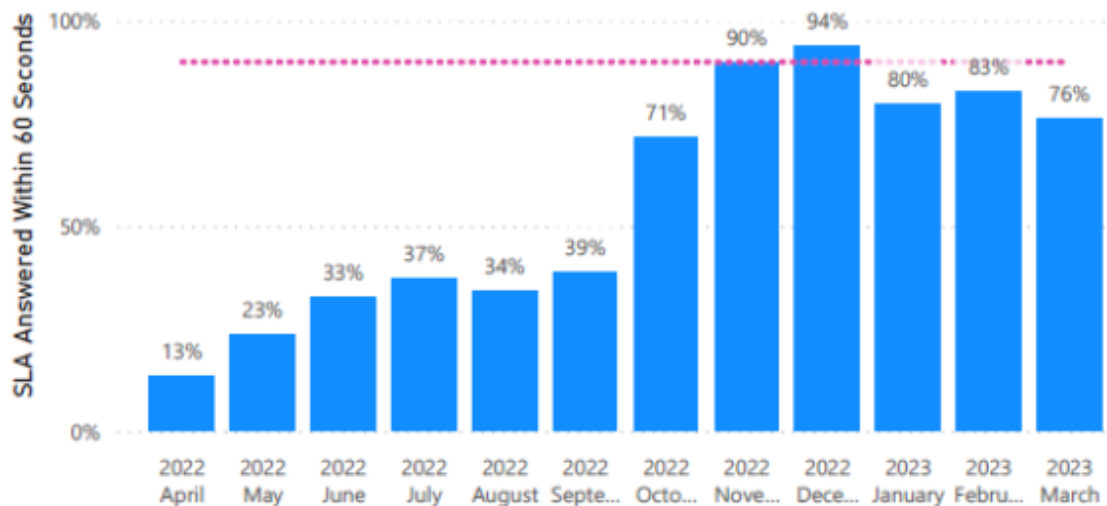


Figure 2: Calls answered within SLA target throughout 2022-23

Email response times have consistently failed to meet the SPPA's target of a response within 24 hours. The Board has challenged whether this is an over-ambitious target, and sought to understand the actual customer need given that all emails receive an immediate acknowledgement so the member knows the email has been successfully received. The Board will work with the SPPA and other Pension Boards to help establish what the actual customer need is, and address it.

The Board is very conscious that the service levels for members should be consistent across all four Pension Boards, as member needs are typically similar across the pension schemes the SPPA supports. Therefore although the Board seeks improvements it is careful not to place additional demands on customer service staff without good reason, or in a way that will be detrimental to the other schemes.

SLA Replied Within 24 Hours and SLA Target 90% by Year and Month

● SLA Replied Within 24 Hours ● SLA Target 90%

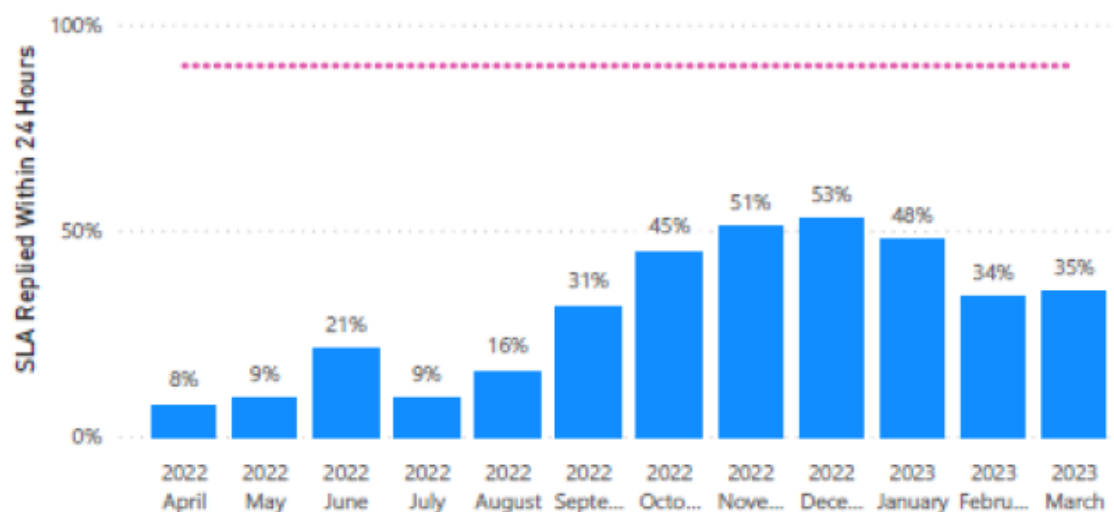


Figure 3: Emails answered within SLA target throughout 2022-23

4. The Pension Board

Composition

Member Name	Nominated by	Date Joined the Board
Brian Barbour - Chair	Independent	20 August 2018
Mark Cook – Vice Chair* <small>*Mark resigned 30 November 2022</small>	Independent	1 July 2019
David Vallery – Vice Chair	Independent	1 December 2022
Graeme Eunson	British Medical Association	1 June 2020
Tom Wilson	Royal College of Nursing	1 July 2020
Gordon McKay	UNISON	1 April 2015
David McColl	British Dental Association	1 March 2020
Claire Pullar	Managers in Partnership	1 June 2020
Craig Black	NHS Lothian	1 Oct 2019
Kay Sandilands	NHS Lanarkshire	1 February 2020
Ailsa Paterson	NHS Borders	1 February 2022

Meetings and attendance

During the 2022-2023 scheme year, the Pension Board met on four occasions. The first meeting of the year was held remotely, with the following meetings being held hybrid style – with a mix of members attending both on-site at Tweedbank and remotely.

Attendance can be noted in the table below.

Pension Board Member	Attendance			
	26-May-22	1-Sept-22	24-Nov-22	23-Feb-23
Independent Members				
Brian Barbour - Chair	✓	✓	✓	✓
Mark Cook - Vice Chair	✓	✓	x	N/A
David Vallery – Vice Chair	N/A	N/A	N/A	✓
Member Nominated				
Graeme Eunson	✓	✓	✓	✓
Tom Wilson	✓	x	✓	✓
Gordon McKay	✓	✓	x	✓
David McColl	✓	✓	x	x
Employer Nominated				
Claire Pullar	✓	x	x	✓
Craig Black	✓	✓	x	x
Kay Sandilands	✓	x	✓	x
Ailsa Paterson	✓	✓	✓	✓
Average	100%	70%	50%	70%

Training and development

Board members undertake an induction programme led by the SPPA, and are required to complete TPR's Trustee Knowledge and Understanding following their appointment.

The SPPA also run a series of webinars to help develop Board members. 4 were run in 2022-2023, with members able to attend each session outlined in the table below. The Board yet again notes that the training is not recorded and as a result, some members are unable to undertake the training. This is not satisfactory but there appears to be no solution in sight to enable recording.

Member	TPR COP	Policy	Finance	Procurement
Brian Barbour - Chair	✓	✓		✓
Mark Cook - Vice Chair	✓	✓	N/A	N/A
David Vallery – Vice Chair	N/A	N/A	✓	
Graeme Eunson		✓	✓	
Tom Wilson	✓		✓	
Gordon McKay				
David McColl				
Claire Pullar	✓	✓	✓	
Craig Black		✓	✓	
Kay Sandilands	✓	✓	✓	
Ailsa Paterson	✓	✓	✓	✓

Effectiveness

The Board undertook a self-assessment of its effectiveness in quarter 4 of 2022-23. Results were analysed and discussed at the Board meeting in February 2023. The response rate was lower than expected and members have been asked to complete future assessments in a timely manner. Improvements to Board operation are underway, and we expect to see an improvement in the Board's assessment of its effectiveness at the next self-assessment in quarter 4 of 2023-24.

Costs

The Pension Board has incurred £5042 of fees and expenses over the course of the year.

5. Key Projects

McCloud Remedy 2015

This will deliver a solution following a court ruling that some aspects of public sector pensions early retirement were discriminatory. The project aims to deliver a set of tools and calculators, along with revised procedures and a full communications plan, for October 2023 to undertake the additional calculations connected with the remedy requirements and support members and employers through this complex undertaking. This project will have workload implications for the SPPA for many years after 2023.

Annual Benefit Statements

This is an annual project to deliver benefit statements to active members of the pension scheme by the statutory date of 31 August. Although the percentage of successful ABS has increased each year, the SPPA is still failing to meet the statutory deadline, and as a result, has self reported this failing to the Pensions Regulator.

94.58% of members received an ABS by the statutory date of 31 August 2022. This number rose to 96.43% by 31 October 2022. The reasons for not being able to issue

100% of statements on time were missing data and calculation/technical issues. Further details are in the TPR section of the report.

Annual Pension Increase

Each year, pensions in payment are increased. This project delivered increases and associated letters on time, without incident to over 108k members.

Pension Platform Programme

The Pension Platform Programme (PPP) is a multi-year, multi-million pound programme to deliver a new fit-for-purpose pension system, replacing many existing systems. The project has successfully completed procurement phase, with the next phase being migration on a “like for like” basis to a cloud-based platform to improve resilience and availability. Phase 1 due late 2023 and Phase II (due early 2024), are prerequisites for Phase III due late 2024. The Programme will deliver significant functional improvements for SPPA staff, and is the base on which improvements to member self-service will be made.

Practitioners’ Remediation

Practitioner contribution levels vary depending on practitioner salary levels, typically the higher the salary level, the greater the contribution. Unfortunately, each Health Board is only aware of the salary that Health Board pays an individual, and practitioners with multiple contracts across differing Health Boards can end up paying a higher or lower level of contribution than they should resulting in over-payments or under-payments of contributions.

The SPPA identified this problem, and has been working for a considerable time to ensure firstly that practitioners pay the correct level of contribution for their earnings, that overpayments are refunded, and under-payments are corrected.

The SPPA has been working with several Health Boards on a pilot to ensure that the correct level of payments are being made and over and underpayments are corrected. The issue is complex with taxation implications, and the importance of correcting these particularly for individuals close to retirement is well understood.

This is now a priority project for the SPPA, with board oversight and reporting to the Board at each of its meetings.

6. Governance

Risk Management

The Board, in line with TPR expectations, continues to play its part in Risk Management. SPPA risks are overseen by the [Audit and Risk Committee \(ARC\)](#), with NHS Pension Board risks being overseen by the NHS Pension Board. The Board is confident that a robust risk framework is in place, and that SPPA risks are regularly discussed by the ARC and the SPPA Leadership Team.

The SPPA Risk Manager presents the NHS Board risks at each meeting, giving Board members an opportunity to challenge and gain assurance that appropriate risk mitigation is in place.

As part of strengthening its oversight, the Board now gets assurance over Cyber Security risk at each of its meetings.

Self-reporting to The Pensions Regulator (TPR)

The SPPA has self-reported several failings to TPR over the last year. None have been deemed serious enough for TPR to intervene, and are included here for completeness.

Scheme	Subject	Date Submitted
The National Health Service Superannuation Scheme For Scotland	Update on earlier breach report (2021) i.e. NHS Practitioner contributions	21 June 2022
The National Health Service Pension Scheme (Scotland) 2015	Update on earlier breach report (2021) i.e. NHS Practitioner contributions	21 June 2022
The National Health Service Superannuation Scheme For Scotland	Annual Benefit Statements deadline not met	29 September 2022
The National Health Service Pension Scheme (Scotland) 2015	Annual Benefit Statements deadline not met	30 September 2022

7. Looking Forward

The Board looks forward to working with the senior leadership team to ensure members and employers get the service they have a right to expect.

The Board notes the financial constraints the SPPA is working under, but the project priorities are clear and the Board will receive regular updates on progress. The Board also welcomes the clarity around the SPPA's annual business plan.

McLeod (2015 Remedy) is of critical importance to members, and will place a significant workload on the SPPA not just to meet the October implementation deadline, but on an on-going basis. This, along with other projects such as the Pension Platform Programme, will place significant workload on individuals and the SPPA's leadership team. As previously mentioned, the leadership has stabilised with key appointments being made, and the Board looks forward to overseeing this work, and to working with the SPPA to assist it in delivering its key objectives.

8. Annex A - Customer Metrics

Scheme Membership

Membership	March 2022	March 2023
Members refers to “active” members specifically	205,268	206,945
Pensioners includes widows/dependants	105,262	108,729
Deferred	60,828	64,266

Customer Contacts*

*For Contacts that went through NHS dedicated contact Queues

KPI's	2021-22	2022-23
Ave Answer time	6 minutes 30 seconds	3 minutes 46 seconds
Call Volume	44,279	47,580
Email response within 24h %	14%	30%
Email volume	71904	69576

Website Views

Website views	2021-22	2022-23
Total views	360,991	274137
Calculator views	163,339	100,841

Complaints

Complaints	2021-22	2022-23
Received	93	169
Upheld	47	105
Partly upheld	24	29
Not upheld	22	34
KPI	86%	76.6%

Year-on-Year Key Performance Indicators

Key Performance Indicators	Target	Volume	2021-22	Volume	2022-23
New Awards (Timeliness)	98%	8,018	99.55%	7,020	98.83%
New Payments Accuracy	95%	11,603	94.66%	11,497	94.25%
Death in Service	98%	170	99.41%	150	99.33%
Death in Pension/ Retirement	98%	1,264	99.92%	1,551	100%
Transfer Value In (quote)	100%	696	78.30%	637	99.84%
Transfer Value In (actual)	90%	1,120	30%	943	42.10%
Transfer Value Out (quote)	100%	200	96.50% 99.50%	292	90.41% 98.63%
Transfer Value Out (actual)	100%	384	95.31% 99.22%	407	89.19% 95.33%
Estimates	90%	1,480	43.58%	1,298	40.91%
Divorce CETV	100%	401	100%	350	99.43%
Divorce PSOD	100%	39	100%	45	100%
Refunds	97%	1,743	88.70%	2,507	80.85%
Ministerial replies	100%	5	100%	7	85.71%
Payroll/ Existing Pension (Changes)	98%	1,000	99.71%	837	99.76%
Annual Statements	100%	185,483	97.73%	184,253	94.6%
Records Maintenance errors	95%	694	99.66%	1,176	99.43%
Records Maintenance up to date	97%	233,156	99.70%	235,938	99.49%