SPPA
Scottish Public Pensions Agency
Buidheann Peinnseanan Poblach na h-Alba

Annual Report and Accounts 2023/24

What's inside

Performance report

1.1 Introduction

This report is produced in accordance with HM Treasury's published 'Government Financial Reporting Manual 2023/24.'

The Performance Overview contains:

- a high-level summary of the SPPA's performance from 1 April 2023 to 31 March 2024, including an overview of our purpose, vision, and ways of working
- a review of our 2023/24 performance as measured against our priorities and KPIs, as well as a summary of principal risks, key projects, and our plans for the year ahead

The Performance Analysis contains:

- further detail on our 2023/24 performance as measured against our priorities and KPIs
- a summary of our financial performance

Chief Executive statement

Introduction by new Chief Executive Stephen Pathirana

In my role as the new Chief Executive of the SPPA, it is a pleasure to introduce the statement from my predecessor David Robb who was in post during the 2023/24 reporting period. I am really looking forward to leading the SPPA into the future and to communicating our progress in future accounts

Stephen Pathirana

Statement by David Robb

In April 2022 we launched our Corporate Plan 2022-27, an ambitious five-year strategy which aims to guide the Agency on the journey to provide a better service for members by reducing complexity and improving our operations. Ultimately, we are striving to deliver our vision – to protect our members' financial futures by giving them greater understanding and control of their pension. We aim to do so while still fulfilling our purpose – paying pensions accurately and on time.

This year we have been focused on 2015 Remedy and on improving our data and processes. This is helping us build a strong foundation as we move towards becoming a digital organisation delivering excellent customer service.

Improving our service

To improve the service we provide to members, our internal functions need to be operating effectively and efficiently. In 2023/24, the Operations Team introduced three improvement workstreams focused on customer satisfaction, workload management, and skills and development. This resulted in a refreshed team structure, new processes, and streamlined ways of working.

We also launched a Customer Insights Dashboard, which sees colleagues come together to discuss monthly, enhancing our understanding of our service, from the perspective of our members, and identifying areas of opportunity or concern.

A new product for members has been our Ready for Retirement webinars which were launched in August 2023. These help members understand the different retirement options available and how they can access their pension from the SPPA. They get consistently high customer satisfaction ratings (over 90%) and members feel much better equipped for retirement after attending.

2015 Remedy

The implementation of 2015 Remedy continues to be a highly challenging piece of work, something which is reflected across the public pensions sector. We've worked hard to communicate with members and employers about Remedy, particularly through our Remedy Hub and employer newsletters. The Remedy Hub is one of our website's most popular and highest-rated areas with the team regularly updating it so the content is relevant and accessible.

This year saw good progress as we began to deliver the Remedy for scheme members retiring from 1 October 2023. NHS and teacher members were reinstated to their legacy scheme and will be given a retrospective choice along with Remedy-affected members who retired before October. Police and Fire systems were upgraded to issue remedial service statements at the point of retirement. We are making steady progress towards introducing dual calculations for retirees across all our schemes. We are also working towards producing dual Annual Benefits Statements for members before the deadline of March 2025, which will show them their benefits in both their legacy scheme and the CARE scheme.

Pension platform improvement programme

We signed the new contract with Heywood Pensions Technology for the delivery of our pensions administration system in June 2023, and since then the team have successfully migrated all our scheme data and systems into the cloud. This brings important resilience benefits and means we can now move on to delivering some of the key benefits of this programme, including new online pension portals for our members.

In the next phase of the programme, our focus will continue to be on improving the quality of our member data, cleansing and updating our current data so we are prepared for future changes such as the UK-wide pensions dashboard (due in 2026). We've relaunched Technical Working Groups where we meet with employers to discuss key issues, with data often a priority.

Developing our workforce

We've also invested heavily in technical and leadership training this year to reduce skills gaps and build capacity at all levels. We've established a Leadership Network and a People Committee to develop two-way communication and collaboration around key people-focused issues.

Internal communication has also been a priority with a move to a new intranet, more engagement events (some for all staff, some department-specific), all of which have resulted in improved engagement from colleagues.

Our concerted efforts across the Agency have contributed to an improved Engagement Index score in the Civil Service People Survey (up 4 points to 55%).

Cost-effective

We initiated a significant data project to enhance systems, storage, and member reporting.

The new Customer Insights Dashboard and refreshed board packs help us better understand performance and identify and implement ways to improve our services.

We have made steady progress on improving our understanding of, and our approach to, risk. We're continuing to build our Risk Champions Network to breakdown historic siloed working, sense-check corporate risks and develop a wider appreciation of the implications for different teams of any mitigations put in place.

This year we also reviewed and updated our Counter Fraud Policy, as well as developing a new Incident Management Plan.

Moving on

Investing in our people, improving our operations and building strong partnerships with stakeholders will all help ensure we deliver the best possible service for members.

For me, this will be my last Annual Report and Accounts as CEO of the SPPA as I will retire at the end of June. My successor has been appointed, and I'm confident Stephen Pathirana will work closely with colleagues to improve everything we do for our 640,000 members.

My thanks to the talented team at Tweedbank and to all who have assisted us over the past three years - I hope the Agency can continue to count on your support in the years to come.

Thank you for your interest in our work.

David Robb
Chief Executive
June 2024

1.2 Statement of purpose

The Scottish Public Pensions Agency (SPPA) is an Executive Agency of the Scottish Government. We administer pensions in Scotland for employees of the National Health Service, for teachers, the police, and firefighters. Our central purpose is to pay pensions accurately and on time, with a focus on delivering excellent customer service. Our customers include all members of these four public sector pension schemes, including pensioners, those who are still working and paying into their pension, and those who have deferred their pension and chosen to take it later than the scheme retirement age. We also engage with the employers of each scheme.

Scope of Responsibility

- Administering, on behalf of the Scottish Ministers, the public service pension, premature retirement compensation, and injury benefit schemes.
- Advising Scottish Ministers on public sector pensions policy.
- 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 NHS Pension Scheme (Scotland) NHSPSS, the Scottish Teachers' Pension Scheme (STPS) and the 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 Scottish Legal Aid Board.

- Following regulatory guidance and codes of practice issued by the UK Pensions Regulator in observance of its powers under the Pensions Act 2004.

1.3 Strategic Business Planning

The Agency introduced a new Corporate Plan for 2022-27[1] following engagement with stakeholders, colleagues, and our Scottish Government (SG) sponsors. The Corporate Plan outlines our roadmap to 'build a better SPPA'. The 2023/24 Annual Business Plan sets out the priorities the Agency needed to deliver for the year ahead, in line with the Corporate Plan.

Our Corporate Plan

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.

Our Strategic Aims

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

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[1] SPPA Corporate Plan 2022-27

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.**
- We continue to learn and **improve every day**.

1.4 Our priorities

The priorities set out in our 2023/24 Annual Business Plan were:
1. Improve our service
2. Effectively support members, employers and colleagues through 2015 Remedy changes
3. Deliver phase one of the pension administration platform improvement programme
4. Develop our workforce and increase our capability
5. Be more cost-effective

The Annual Business Plan set out the activities required to deliver each priority, what success would look like, and how progress would be measured and monitored.

1.5 Key Performance Indicators (KPIs)

In 2023/24, the Agency committed to a streamlined and practical set of overarching KPIs to represent our key activities. These were:

1. Increase in the proportion of new awards paid accurately and on time
2. Improve our customer satisfaction scores
3. Meet all of our regulatory deadlines for 2015 Remedy
4. Improve our colleague engagement score
5. Improve our cost effectiveness rating

Our Annual Business Plan 2024-25[2] was launched in April 2024, with our priorities remaining broadly similar to ensure continuity of the progress made in 2022/23.

1.6 Our structure

Executive Team

During 2023/24 a number of changes were made to the Executive Team, with the arrival of the new Head of Finance and the departure of our Head of Finance, Procurement and Risk and the Head of People, Strategy and Communications.

Table 1.6.1: SPPA Executive Team

Role	Post holder
Chief Executive Officer	David Robb
Chief Operating Officer	Frances Graham
Head of Finance, Procurement and Risk	Karen Morley (left July 2023)
Head of Finance and Procurement	Phil McKibben (Interim August – October 2023)
Chief Finance Officer	John Burns (joined October 2023)
Head of People, Strategy and Communications	Garry Cossar (left November 2023)
Head of People	Debbie Trafford (Interim, from November 2023)
Head of Strategy, Communications and Risk	Laura Pacey (Interim, from November 2023)
Head of Policy	Iain Coltman

David Robb retired as Chief Executive Officer in May 2024, and was replaced following successful recruitment exercise by Dr Stephen Pathirana in June 2024. At appointment, there is a mandatory disclosure of any outside interests, and included below. This is reviewed annually.

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[2] Annual Business Plan - 2024/25 | SPPA (pensions.gov.scot)

Table 1.6.2: Register of Interests

Name	Role	Details of declaration	Date declared/ identified	Method of notification	Action taken
Stephen Pathirana	Chief Executive Officer	None	16/08/2024	Offline form	No action required
John Burns	Chief Finance Officer	None	15/08/2024	Offline form	No action required
Debbie Trafford	Head of People and Place	(Voluntary) Trustee of registered charity: Duncan Mackinnon Music and Arts Trust Limited since 08/12/2011	19/08/2024	Offline form	No action required
Iain Coltman	Head of Pensions Policy	None	18/08/2024	Offline form	No action required
Frances Graham	Chief Operating Officer	None	16/08/2024	Offline form	No action required
Laura Pacey	Head of Strategy, Communications and Risk	Close friend is a member of the firefighter pension scheme (since 20/02/2023)	11/09/2024	Offline form	No action required

1.7 Our Pension Scheme members

Membership numbers have continued to grow with an increase of 2.6% in 2023/24. In total we've seen a 13% increase in members since 2019/20 as shown in table 1.7.1.

Table 1.7.1: Pension scheme members by year

Membership	2023/24	2022/23	2021/22	2020/21	2019/20
Total members	641,919[3]	625,533	611,799	593,486	572,640
Difference from previous year	16,386	13,734	18,313	20,846	7,745
Difference from previous year (%)	+2.6	+2.2	+3.1	+3.6	+1.4

2. Performance overview

In this section we set out a high-level report on performance against the five priorities, associated activities, and KPIs set out in our Annual Business Plan.

2.1 Priority one: Improve our service

Over the course of 2023/24 several service improvement actions were put in place including:

- the introduction of a Customer Insights Dashboard, providing at-a-glance customer service performance metrics as well as management information and targets.
- a series of online webinars for members approaching retirement.
- improved website navigation.
- improved bereavement service based on member feedback.
- increased surveying of members on the different services we provide.
- streamlined ways of working focusing on reducing task backlogs.
- strengthened management team with new key roles such as the Head of Service Delivery, Head of Service Transformation and Customer Journey Manager to deepen focus on improved service and continuous development.

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[3] Member counts on 31 March 2024 from data extracted on 15 April 2024. Note that member records are updated retrospectively, after the membership statistics are prepared for the scheme accounts. This is both due to the volume of data required to be uploaded onto the pensions administration system from employers, and the resolution of any subsequent data errors. The figures are therefore an estimate. Members have been counted once per scheme, regardless of how many employment contracts they have. An 'order of importance' logic has been applied to determine the status of a member with employments at multiple status, for example, if they have an active contract we count them as active, if not we keep looking at other employments in the following order: active, retired, dependant, deferred, other. 'Other' includes members with no current pension liability, such as deferred with not enough qualifying service, new started with incomplete record set-ups, and members who have transferred out or died.

Other customer service activity and performance

- Due to pressures on our operational teams, and our view that Annual Benefits Statements (ABS) would be of limited value to members so soon before implementing Remedy, we took the decision not to issue ABS to 73,694 NHS and 39,430 Teacher members. For the remaining 185,102 members, including all police and firefighter scheme members, we produced 174,729 ABS on time (94.4%).
- 2,095 members received an Annual Allowance Statement. This was also impacted by 2015 Remedy with unprotected and tapered members receiving their 2022/23 statement by 6 October 2024.
- The annual pensions increase exercise was completed in April 2023, with eligible members having their pensions increased by 10.1%.
- Freedom of information (FOI) requests increased by 78% to 81 over the reporting period. Despite this, all but two requests were responded to within agreed timescales.
- In the past 12 months the SPPA saw a 4% decline in internal dispute resolution procedure (IDRP) cases. 50% were concluded within the four-month timeframe. Delays are largely due to the requirement for further information from external parties.
- 96 pieces of Ministerial correspondence were managed in the reporting period, an increase of 45% largely due to 2015 Remedy.

Measuring our success

- **KPI: increase in the proportion of new awards paid accurately and on time**
- **KPI: improve our customer satisfaction scores**

99.3% of all awards were paid on time, with 100% of Police and Fire awards paid on time. 95.6% of cases checked passed quality assurance.

Table 2.1.1: Accuracy and timeliness of new awards
Please note that while timeliness only measures new awards being put into payment, accuracy covers all cases where payment is made (so as well as new awards includes revisions, refunds, transfers, etc).

2023/24	Timeliness		
	Award payments	Late payments caused by SPPA	Percentage paid on time
Total	12,278	150	99.3%
Difference to previous year	8%	-48%	5.9%

2023/24	Accuracy			
	Total number of cases	Cases checked	Correct	%
Total	16,504	572	547	95.6%
Difference to previous year	-5%	-41%	-41%	0.3%

A new method for measuring customer satisfaction was introduced this financial year which involves surveying customers who have interacted with us either by phone or email. Whilst email satisfaction dropped slightly to 41.6%, our call satisfaction is much higher at 84.9%.

Many of our email interactions go back and forth between our operations teams and our members, which we know to be a source of frustration for them. We aim to bring in webform in the next financial year, which will streamline interacting with us for our members. Webform will also enable us to identify those customer journeys which are the least satisfactory to our members, enabling us to target our improvement activities accordingly.

2.2 Priority two: effectively support members, employers and colleagues through 2015 Remedy

Most public service scheme members were moved to the new Career Average Revalued Earnings (CARE) pension scheme in 2015, but some older members were protected and stayed in the previous final salary schemes. This was found to be discriminatory on the grounds of age.

All public sector pension schemes are now 'remedying' this discrimination by offering eligible members the choice between final salary pension benefits and CARE benefits for the remedy period.

The remedy period spans from 1 April 2015 to 31 March 2022.

2015 Remedy continues to be one of the biggest changes to public sector pensions and as such impacts multiple parts of the Agency. The work to deliver this is both resource and time-heavy, with dependencies both internally and externally.

During the reporting period the project team delivered:

- significant improvements to our online remedy hub, as well as running retirement webinars which feature 2015 Remedy.
- closer working with employer and member representatives to ensure we are meeting member needs.
- reinstating all NHS and Teacher members to their legacy schemes up to 31 March 2022. (All members in the CARE scheme after this date).
- working towards delivery of dual calculations for all members.
- Providing some members with their Remedy choice on retirement through the production of Remediable Service Statements (RSS).

For retired members, who are due an Immediate Choice, we were unable to deliver on the commitments in our Annual Business Plan due to delays on guidance from His Majesty's Treasury (HMT).

Measuring our success

- **KPI: meet all of our regulatory deadlines for 2015 Remedy**

We upgraded Police and Fire pension systems to produce dual calculations by October 2023. We took steps to protect NHS and Teachers members by moving them directly to legacy schemes at that time.

We are working towards the March 2025 regulatory deadline for provision of dual calculations to all members. This is dependent on third party software providers, and our 2015 Remedy program is overseeing their delivery.

Due to delays in legislation, we were unable to meet our commitment to provide members subject to immediate detriment with options by October 2023. This also impacted our commitments to introduce a facility to deliver dual Annual Benefits Statements and commence rectification early in 2024.

2.3 Priority three: Deliver phase one of the pensions administration platform (PPP) improvement programme

This has been a significant year for the PPP programme. The team delivered:

- A successful procurement exercise – contract with Heywood Pension Technologies signed in June 2023.
- migration of all four schemes onto the new cloud-hosted pension platform completed in early December 2023.
- new ways of working introduced under the service management disciplines, notably release management and change management. Colleagues were involved in the implementation of the new ways of working.

2.4 Priority four: develop our workforce and increase our capability

Over the course of the year the Agency has invested in its people in several ways, including:

- development of a capability matrix.
- development of individual learning plans.
- delivery of practical training skills to managers as part of our ongoing leadership development programme.
- provision of formal qualifications including graduate apprenticeships and SVQs.
- recruitment of a Capacity Planning Manager.

There has also been an enhanced focus on internal communications to improve engagement including:

- regular all-colleague and departmental engagement events including operations workshops, customer service "show and tells" and project-specific engagement events.
- new communications planning and processes to improve our content and channel use.
- moving to a new intranet which has seen increased colleague engagement with our news, events, and guidance.

Measuring our success (KPIs)

- **KPI: improve our colleague engagement score**

Our colleague engagement score (measured in the Civil Service People Survey) increased by 4% to 55%.

- **KPI: reduce skills gaps**

We don't have a specific measurement to cover skills gaps; however, our work on skills and capacity planning should ensure these reduce over time. We have reduced our reliance on external contractors and in our Annual Business Plan for 2024/25 we have committed to have a people strategy in place by 31 October 2024.

2.5 Priority five: Be more cost-effective

In 2023/24 we took several steps to improve our working practices around risk, reporting and data, supporting our aim to be more cost-effective. Work included:

- a significant data project to enhance systems, storage, and member reporting.
- our new Customer Insights Dashboard and refreshed board packs, which help us better understand performance, and identify and implement ways to improve our services.
- increased risk champion cover within the Agency, risk champions are now in place for each team, and in all business areas.
- fortnightly risk reviews with the Executive Team and the Risk Team.
- enhancements to Agency tracking and reviews of any Internal Audit recommendations.
- counter fraud policy reviewed and updated.
- incident Management plan documented and shared.
- teachers Employer Efficiency Reports created and shared with all 32 local authorities.
- technical Working Groups (TWG) run for the four different public pension schemes. All employers are invited to attend these sessions where data quality is a key focus.

Measuring our success

- **KPI: working within allocated budget**

 The initial 2023/24 budget allocation as per the Budget Bill was a combined budget of £33.650 million; however after revised outturns additional funds were requested, resulting in a final budget allocation of £37.075 million.

We worked within this allocation and ended the year with a resource and capital underspend of £1.020 million and a non-cash outturn of £1.392 million against a budget of £6.2 million. The underspends on resource and capital were largely due to two factors; non-utilisation of prepaid consulting hours related to 2015 Remedy (£0.5 million) and the indefinite postponement of an anticipated office refurbishment (£0.375 million).

- **KPI: improve our cost effectiveness rating**

Due to resource issues within the business intelligence team, and the priority to move to a customer insights dashboard, this metric was not developed or reported on regularly.

We do receive a cost effectiveness rating in our annual benchmarking report which compares us with other pension providers. Our most recent report was received in December 2023 based on our service in financial year 2022/23. For that year we were assessed as being 'high cost, basic service'.

2.6 Priorities and KPIs: performance at a glance

The following table summarises how the SPPA has performed against our KPIs. Several new indicators were added in 2023/24 based on the priorities in the Annual Business Plan and therefore this year acted as a baseline for ongoing improvement. Where no previous data or trend analysis was available, this is noted in the results below.

Table 2.6.1: SPPA KPI 2023/24 performance (*denotes new metric)

Priority	KPI	2023/24 results	2022/23 results
Improve our service	Increase in the proportion of new awards paid accurately and on time	95.6% accuracy[4] 99.3% new awards paid on time[5]	95.3% accuracy 97.4% new awards paid on time
Improve our service	Improve our customer satisfaction scores[6]	Calls: 84.9% Emails: 41.6%	49.3% emails only
Effectively support members, employers and colleagues through 2015 Remedy changes	Meet all of our regulatory deadlines for 2015 Remedy	Partially achieved	Not applicable
Develop our workforce and increase our capability	Improve our colleague engagement score	55%	51%
Be more cost-effective	Improve our cost effectiveness rating	Benchmarking baseline established	Not available

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[4] For 'paid accurately', this is based on QA checks completed by the customer care team. They extract a report of casework with payments attached, not just new awards (awards, transfers, refunds), and complete QA checks on 5% of cases, up to a maximum of 26 per month (less than 5% for NHS). There was limited QA in Q1 and Q2.

[5] For the timeliness measure, the customer care team extract a report of all awards cases completed. For cases that appear late due to being outwith three months they are manually checked. If a case is late because of an SPPA issue it is counted as late. If it is an employer data issue these are not counted as late.

[6] In previous years only email satisfaction was measured. This has dropped by 0.9%. This year we introduced call surveys which are more positive. Full details can be found in section 5.1.

3 Social care death in service scheme

On 17 March 2020, the NHS Scotland and Social Care Coronavirus Life Assurance Scheme 2020 came into force. These regulations 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 as 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 the Scottish Government's Director General Health and Social- Care. Payments made out that have not been recharged at 31 March 2024 are recognised as a receivable balance in the financial statements of the NHS Pension Scheme (Scotland).

The scheme was closed on 30 June 2022 but claims were still accepted up to 31 June 2023. There was one claim in the year 2023/24.

The payments made in the past four financial years by the SPPA on behalf of the scheme are detailed in Table 3.1.

Table 3.1: Social care death in service scheme

Year	Number of cases	£000
2023/24	1	60
2022/23	5	240
2021/22	25	1,500
2020/21	18	1,080
Total	**49**	**2,940**

4 Risk summary

We review our risks in line with the Annual Business Plan to make sure they are aligned with our key priorities. Our strategic risk register is reviewed by the Executive Team every month. Over the course of the year the development of our risk champions network has focused on delivering risk registers in all teams across the Agency.

Table 4.1: Risk summary

A summary of the SPPA's strategic risks as of 31 March 2024 is as follows

Risk	Impact	Likelihood	Current risk score
Data	50 – very high	4 – high (51-75% chance of occurring)	200
Cyber	50 – very high	3 – medium (26-50% chance of occurring)	150
People capability	50 – very high	3 – medium (26-50% chance of occurring)	150
People capacity	50 – very high	3 – medium (26-50% chance of occurring)	150
2015 McCloud Remedy	50 – very high	2 – low (6-25% chance of occurring)	100

The definition of a very high impact is: 'destructive and unacceptable impact on objectives that would result in a major change to overall approach. Potentially large resource consequences that outweigh current operational circumstances'.

The key strategic risks for SPPA for 2023/24 remained reasonably consistent. The Agency continues to undergo a period of change, partly due to the introduction and implementation of new processes/practices following Remedy legislation. The other major risk throughout this year is the quality of our data. This has led to a significant project to enhance systems, storage and member reporting.
The Agency has continued to review working practices for efficiency savings, including automation when appropriate.

Emerging risks identified through 2023/24 include:

- the introduction of the new Scottish Government Oracle Fusion system which will replace existing systems for HR/Finance functions.
- sufficient funding from the SG budget for SPPA to fulfil core functions.
- reduction in the working week following 2024/25 SG pay agreement.

A summary of the SPPA's strategic risks as of 31 March 2024 is as follows

Data: this focuses on how a lack of appropriate, accurate employer data could negatively impact strategic priorities.

To reduce the impact of this risk we have developed mitigations including a data improvement project, as well as delivering the first stage of data profiling. This will give us a far better view of how complete our data is, as well as help us map out how better to engage with employers and to cleanse and validate our data.

We have introduced improvements in our data monitoring and improved the controls we have in place to reduce the impact of this risk, and this will remain a critical focus of our strategic risk monitoring.

Data risk affected the delivery of several priorities, including improving our service, agency readiness for 2015 Remedy Changes and improving cost effectiveness.

Cyber: this risk ranks particularly highly due to the hugely negative impact a cyber security breach could have on our members and the organisation, and this isn't likely to change.

We are midway through implementing the recommendations of the internal Annual Report and Accounts 2022/2023 audit of our cyber governance and we anticipate that on completion the likelihood score will reduce. Mitigations such as a dedicated cyber risk register and an updated cyber incident response plan will be key to reducing this risk.

Key project controls to minimise the SPPA's vulnerability to cyber-attack are evidenced through maturing procurement and contract management processes in relation to our supply chain. Furthermore, an internal review of the structure of the SPPA IT Team has determined the roles and resources required to provide technical resilience proportionate to this risk.

Cyber risk did not relate specifically to any agency objectives. However, this remains an important risk for agency to review and monitor to assure member record safety.

People capability: previously this was our top strategic risk due to skills shortages and lack of workforce planning which could impact our ability to deliver all our strategic priorities.

This risk has decreased thanks to mitigations including a leadership development programme, an improved induction process, and succession and workforce planning. We reviewed our training requirements to ensure we were building the skills needed to deliver our strategic priorities. This training, combined with restructuring some areas of the organisation, helped us deliver current priorities while futureproofing the organisation against new challenges.
This risk impacted several of agency objectives, including improving services and increasing capability and cost effectiveness.

People capacity: following the capacity and capability internal audit review, we reviewed this risk and the likelihood score reduced to reflect our work on the Strategic Workforce Planning Framework.

The impact score increased due to pressure on a small proportion of knowledgeable and experienced colleagues to support the many projects and activities the SPPA is delivering. Mitigating this risk resulted in reorganisation of some teams to support the delivery of high-profile priorities such as 2015 Remedy and the Pension Platform Programme.

This risk impacted several of agency objectives, including improving services and increasing capability and cost effectiveness.

2015 Remedy: 2015 Remedy has been escalated to our top risk for 2024/25 and scoring updated to reflect the risks we are currently managing to ensure compliance by March 2025.

2015 Remedy is a complex project with a legislated deadline for delivery impacting over 200,000 members. Setting the Agency up with the right skills, software and quality input has been a major project and the risk has been mitigated by bringing in experts in policy and operations working within the Scottish Government. Delivering 2015 Remedy has impacted on our business as usual as well as some of our other priorities, with some experienced staff being moved to focus solely or largely on 2015 Remedy. This impact was planned for and mitigated as much as possible through workforce planning and flexibility, with some reprioritisation.

This risk relates directly to agency key priority of supporting members, employers and colleagues through 2015 Remedy as outlined in section 2.2.

5 Performance analysis

This section provides further analysis and information on the priorities and KPIs outlined in the overview above.

5.1 Priority one: Improve our service

In Q1 2023, our Operations team began developing three improvement workstreams.

1. Customer. Promote increased customer satisfaction and reduce contact volumes by communicating effectively with members through effective provision of information and self-serve options. Improving stakeholder engagement and feedback mechanisms has also been a priority.

2. Workload management. Improve capacity and productivity – forecast demand better and use management information, task data and allocation processes to problem solve, improve efficiency and plan for peaks in customer demand.

3. Skills and development. Upskill, mobilise, and motivate our people – develop baseline skills analysis and address gaps through a long-term upskilling strategy and workforce plan.

What we committed to, and what we delivered:

**Use a user-centred approach, improve information accessibility and self-service**

- A new Customer Insights Dashboard was introduced to support better insight management and monitoring. A cross-Agency team meets monthly to review and discuss the dashboard which provides at-a-glance customer service performance metrics as well as management information and targets.
- Call routing structure has been reviewed to improve the customer experience by directing calls to the right team first time; setting out menu options in user-friendly language; and highlighting online resources.
- Commenced review of bereavement customer journey to deliver a better level of service to these vulnerable members. The review aims to streamline the process, reduce waste and have end to end ownership. This will be moving to standalone bereavement team by end of this year.

Improve engagement with our members and employers through more relevant, targeted communications

We launched a new programme of ready for retirement webinars.

- 28 webinars run in 2023/24 (mostly ready for retirement but also three 'know your pension' webinars for NHS and teacher members).
- High customer satisfaction – on average 94%.
- Pre-webinar, 23% attendees quite or very confident about accessing their pension; this increases on average to 69% post-webinar.

Webinar satisfaction measures
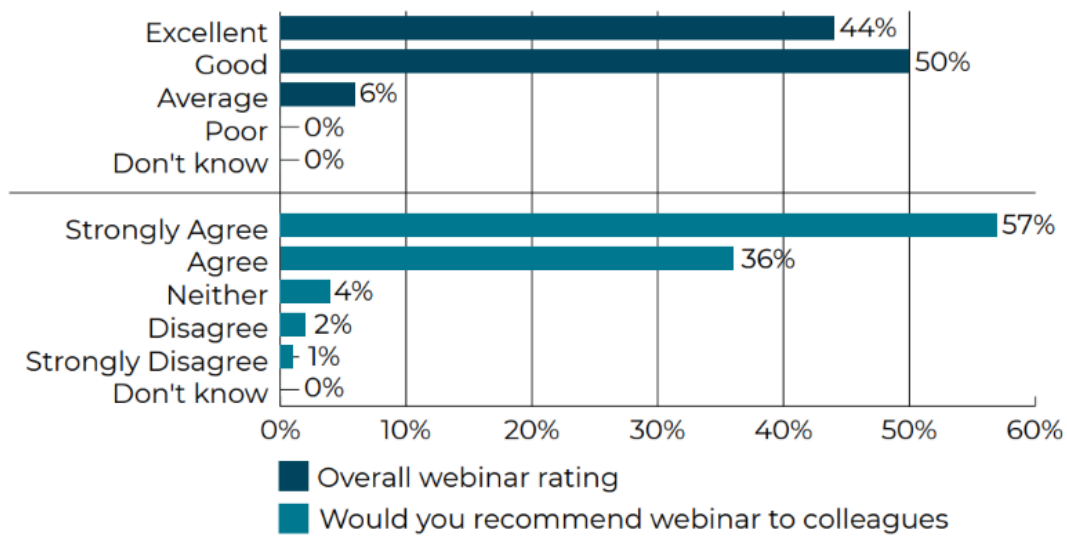
- On the website, we redeveloped the navigation on three sections – Teachers, Firefighters and NHS - based on feedback from our users. This resulted in improved satisfaction. We are also improving our content to make it more focused, concise, and clear.
- We are continuing to build our direct to member communications and will be launching member newsletters early in 2024/25.
- We are making improvements to services we provide based on feedback from our members, starting with a focus on the bereavement service to ensure that we are providing a consistent and caring service.
- We launched Technical Working Groups for all schemes, standardising the service we deliver.
- We have initiated a fresh survey to evaluate the quality of services provided by the SPPA to employers.

Move towards a service management model for continuous improvement

Over the course of the year our operations teams have been working to increase operational efficiency, drive out waste, improve productivity and enhance the customer experience whilst minimising risk. They have taken several actions to deliver this:

- introduced productivity targets and monitoring – implementation of manager level management information to track and review individual performance.
- restructure of teams to drive efficiency of process with Operational managers accountable for specific teams.
- team manager upskilling and training.
- introduced streamlined ways of working across retirement teams to utilise system workflow and understand workloads and backlogs.
- focus on backlogs and aged items – we have reduced backlogs by 37%.

- recruited a Capacity Planning Manager to help understand demand and resource accordingly by team.
- operational performance framework, which has been built and is being rolled out across teams through 2024/25.
- skills matrix updated as well as training plans to reduce single points of failure across the teams.
- introduction of risk champions in each team. Teams each building a risk register which are then combined into overarching operational risks with the top risks being escalated to ET.
- an automation pilot with two processes in pilot scope.
- a standalone pensions calculator to support Remedy which will move to BAU and cut processing time and increase accuracy.

Improve our customer satisfaction scores

The customer feedback survey in its current form was introduced in February 2023. This year, we are measuring customer satisfaction through calls as well as emails, and have added an additional resolution question, 'did you get what you needed from the SPPA on this occasion'.

Calls
How satisfied were you with the service you received on the phone today?

- 5,069 customers responded with 4,305 (84.9%) indicating that they were satisfied.
- 3,411 (67.3%) indicating they got what they needed / their query was resolved.

This is a new metric therefore no annual trend data is available.

Emails
How satisfied were you with the service you received on this occasion?

- 2,640 customers responded with 1,097 (41.6%) indicating that they were satisfied.
- 927 (35.1%) indicated they got what they needed / their query was resolved

Table 5.1a: Customer satisfaction by year (emails)

	2023/24	2022/23	2021/22
Sample Size	2,640	1,789	1,344
Satisfied Members	1,097	761	662
Satisfied %	41.6%	42.5%	49.3%

Results show that people are more satisfied with calls than emails, because we can respond dynamically and resolve issues during a live call. Email delays drive dissatisfaction and failure demand, so a project team has been stood up to move email contact to webform by in 2024 which will further improve routing efficiency.

Customer 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).

In recent years, the number of complaints we receive has been rising with a 73.8% increase reported in 2022/23. In 2023/24:

- 154 (+60.8%) more stage one complaints were received than in the previous year.
- stage two volumes remained relatively steady, with three additional received over the 12 months compared to the previous year (+8%)
- complaints to the Chief Executive rose from 9 to 17 (+88.8%).
- MSP/MP complaints more than doubled, from 11 to 23 (+109%).

In 2022/23 76.0% of complaints were closed on time, down from the previous year where 89.2% were closed on time. In 2023/24 this has fallen to 71%.

The increasing volume has resulted in increased workloads within teams and affected our ability to respond within SLA timescales.

Table 5.1b: Complaint top three themes

Theme	Volume	%
Pension estimates	138	28
Retirements	73	15
2015 Remedy	51	11

Table 5.1c: Complaints 2023/24

	Received	Responded on time		Upheld	Partly upheld	Not upheld
Stage one	407	282	69%	252	83	72
Stage two	38	30	79%	17	6	15
Chief Executive	17	12	71%	12	2	3
MSP/MP	23	21	91%	3	9	11
Total	**485**	**345**	**71%**	**284**	**100**	**101**

Table 5.1d: Complaints 2022/23

	Received	Responded on time		Upheld	Partly upheld	Not upheld
Stage one	253	187	74%	156	43	54
Stage two	35	28	80%	12	13	10
Chief Executive	9	9	100%	4	2	3
MSP/MP	11	10	91%	4	1	6
Total	**308**	**234**	**76%**	**176**	**59**	**73**

Our Customer Care Team is now responsible for most stage one and stage two complaints with only complicated Practitioner, finance or tax cases being passed over to the relevant team experts. A drop in complaints escalating to stage two has been noted since this team took over answering of stage one complaints.

Call performance

In previous years we reported total calls, which is the sum of all calls received directly from a customer plus any calls transferred internally. Following a change in call handling procedure, we now have more teams handling calls, resulting in many more calls being transferred around internal teams. This may be due to the customer reaching an incorrect team or it may be due to them having multiple enquiries. We do not currently report reasons for transfer.

Table 5.1e: Annual summary of calls by scheme, total v direct 2023/24

Scheme/Category	Total calls	Direct calls
Fire	2,795	2,726
NHS	63,520	51,642
Police	5,752	5,597
Teachers	20,607	16,694
Other	4,838	2,746
Total	**97,512**	**79,405**

Table 5.1f: Total calls by scheme, past three years

Scheme/Category	2023/24	2022/23	2021/22
Fire	2,795	2,569	2,642
NHS	63,520	51,026	44,296
Police	5,752	6,022	5,882
Teachers	20,607	17,536	13,953
Other	4,838	7,943	10,518
Total	**97,512**	**85,096**	**77,291**

When calling, members most often enquire about:
- Awards / retirement enquiries
- Payroll enquiries

- Pension transfers

We launched our new phone routing on 30 October, and we are now starting to see positive impacts of these changes including a decrease in our call transfer rate (October 2023 – 23%, March 2024 – 19.8%) The wait time also reduced, with a reduction in call volumes also having contributed to this.

Table 5.1g: Email performance

Direct emails by scheme

Scheme/Category	2023/24	2022/23	2021/22
Fire	4,301	4,317	4,593
NHS	55,262	69,576	71,904
Police	13,928	13,877	15,069
Teachers	13,791	18,847	19,015
Other	48,226	29,909	34,209
Total	**135,508**	**136,526**	**144,790**

Our research indicates that members most often enquire about:
- General enquiries
- Awards / retirement enquiries
- Online pension portal enquiries
- Estimates

In Q2 in 2024/25 we will launch our webform 'contact us' page on our website and this will replace email as our primary form of incoming written customer contact. Webform will automatically route member contact to the right team first time, meaning that we can respond faster. It will also reduce the need for SPPA to respond asking for clarification or identity verification before being able to respond substantively. Our routing has been designed based on the same user research that informed our recent web refresh and new phone routing.

Centre of Excellence – Bereavement and Ill Health

A new centre of excellence for bereavement and ill health-affected members and dependents is in the process of being established. We have completed detailed analysis with support of User-Centred Design colleagues, recognising customer concerns and identifying actionable improvements. The team will bring together Police, Fire, Teachers and NHS schemes into one area with a consistent approach to our processes, and colleagues with very specific skills to support members and dependents through the most challenging of life experiences.

Quality assurance

Table 5.1h: Quality assurance timeliness 2023/24

	Number of Payments	Difference to previous year	Late payments caused by SPPA	Difference to previous year	%	Difference to previous year
NHS	8,368	1,348	101	19	98.8	-0.1
Teachers	2,974	222	49	-160	98.3	6.0
Police	661	-460	0	0	100.00	0.0
Fire	275	-159	0	0	100.00	0.0
Total	**12,278**	**951**	**150**	**-141**	**99.3**	**5.9**

In 2023/24 new awards increased for NHS and Teachers, with reductions seen in the Police and Fire schemes. Overall, we processed 951 more awards in 2023/24 than the previous year. 150 payments were late, which is 141 less than last year, this was due to an incident with Teachers awards resulting in late payments.

Overall, 99.3% of new awards were paid on time.

Table 5.1i: Quality assurance accuracy 2023/24

	Total number of cases	Difference to previous year	Cases checked	Difference to previous year	Correct	Difference to previous year	%	Difference to previous year
Total	16504	-904	572	-404	547	-383	95.6	-0.03

We quality-checked 572 cases this year, which is 404 less than in 2022/23. This was primarily a reduction in NHS checking due to competing resourcing demands. Overall pass rates are steady, with on average 95.6% of cases being assessed as correct.

Annual Benefits Statements

The SPPA has a legislative responsibility to make Annual Benefits Statements available to all eligible active members (as of 31 March each year) no later than the 31 August that same year.

Final figures across all schemes as of 31 August 2023 can be found in the tables below.

Table 5.1j: Percentage of ABS received on time by scheme

Scheme	2023/24[7]	2022/23
NHS	94.8%	94.6%
Teachers	90%	93.4%
Police	100%	100%
Fire	100%	98.7%
All	**94.3%**	**94.6%**

Table 5.1k: All schemes ABS delivery trend data

Description	Active members who qualified for an ABS at 31/8/2023	ABS issues by 31 August 2023	Percentage issued	Percentage variance to previous year
2023 [8]	185,102	174,729	94.40%	-0.20%
2022	291,630	275,963	94.60%	-2.60%
2021	280,712	272,973	97.20%	6.10%
2020 recovery	268,527	244,521	91.30%	80.30%
2020	268,527	28,913	10.80%	-86.80%
2019	265,032	258,778	97.60%	1.90%
2018	257,267	246,309	95.70%	13%
2017	265,977	220,073	82.70%	8.50%

- Annual Benefit Statements were issued to eligible members by 31 August to comply with date set by the Pensions Regulator (TPR).
- Due to the 2015 Remedy legislation which was being introduced on 1 October 2023 it was agreed that ABS would not be produced for the NHS / teachers Remedy cohorts as it would have little value beyond this date.
- Data quality, timeliness of data receipt from employers, and system restrictions remain the primary reasons for statements not being available on time.
- Given that ABS could not be provided for 100% of the eligible NHS & Teachers members a breach report was issued to TPR.

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[7] ABS volumes provided to members that were not impacted by McCloud Remedy.

Annual Pensions Increase

The Annual Pensions Increase exercise was completed successfully, meaning that eligible pensioner and dependant members in all schemes had their pensions increased by 10.1% by 10 April 2023.

Annual Allowance

Calculations were run across members who were eligible for a 2022/23 Pension Savings Statement (PSS) and were at risk of breaching their AA or had requested a PSS.

Due to the impact of 2015 Remedy, the number of affected members has reduced this year and unprotected and tapered members will receive their 2022/23 PSS by 6 October 2024.

Overall, 2,095 members were identified as requiring, and have received, a Pensions Savings statement.

Table 5.1l: Pensions Savings statements by scheme

Scheme	PSS issued
NHS	2,088
Teachers	6
Police	1
Fire	0

Internal Dispute Resolution Procedure (IDRP)

All occupational pension schemes must have formal Internal Dispute Resolution Procedures (IDRP). The SPPA determine disputes on behalf of the Scottish Ministers under a one-stage process. Over the past twelve months, the SPPA has been able to conclude 50% of cases within the four-month timeframe, a decrease of 4% from the reporting period 2022/23. Where non-medical cases are not concluded within four months, this is often because the SPPA requires further information from applicants or employers, or medical evidence, in order to complete a full investigation. It also may because we are required to seek actuarial or legal advice because of the complexity of the case.

Ministerial correspondence

Ministerial correspondence related to public service pensions is managed through the SPPA and the Scottish Government Public Engagement Unit. Ministerial responses are drafted in the name of the appropriate Minister for issue within 20 working days of receipt, with other responses being issued by an appropriate official. The SPPA handled 96 pieces of correspondence during the reporting period, an increase of 45%. The majority of correspondence handled in 2023/24 related to 2015 Remedy.

Freedom of information (FOI) requests

In the 2023/24 reporting period, the SPPA received 82 Freedom of Information requests, an increase of 78% on 2022/23. With the exception of two requests, all were responded to within the statutory timescale.

Fixed term appointments

In Q1, 40 new colleagues completed training programmes and joined teams across Service Delivery, helping to mitigate workload increases driven by 2015 Remedy. We saw an immediate positive impact in our Retirement Awards teams with our more straightforward case work being picked up by these colleagues. In Q2, subject matter experts moved to directly support Remedy, and new colleagues consolidated training ensuring that BAU teams continued to meet targets.

Business transformation

The Quality and Improvement Team are reviewing our ways of working and introducing more efficient processes, reducing workarounds and improving our workflows. This drives greater consistency across teams and allows more accurate measurement of performance and productivity, in turn highlighting areas for improvement. This work is being done on a team-by-team basis, prioritising awards teams and those with higher workloads and backlogs. Within the new structure we have realigned resource to data and employer engagement, improving our external engagement mechanisms and working closely with the Data Review project to support NHS and Teachers' employers' readiness to move to a new system for data sharing: i-Connect.

- We are building an improved employer contacts database so that we are better able to escalate noncompliance by employers.
- We relaunched Technical Working Groups for all schemes, standardising the service we deliver. We have split the Teachers scheme between councils and higher education, so that we are better able to respond to the differing needs of these groups. We are similarly making plans to split out the GP practices from the NHS Health Boards.
- We launched a new employer survey looking at the overall service that SPPA delivers to employers. We are looking at ways to increase the response rate, which is currently very low.
- We are finalising a Delivery Plan setting out how we will deliver our strategic priorities. This will be supported by an Employer Charter which is also in progress.

5.2 Priority two: effectively support members, employers and colleagues through 2015 Remedy changes

At the start of the performance year the Executive Team acknowledged the significant challenge the Agency faced in delivering its Remedy obligations whilst

preserving core service performance against a backdrop of cost constraints and skills shortages.

The Chief Operating Officer and the Executive Team looked at various options in relation to capacity planning and process models to identify efficiencies and de-prioritise noncritical work. The acceleration of automated improvements is also a priority, along with delivery of improved communications and effective staff training.

Delivery of the 2015 Remedy is ongoing with several challenges developing in-house solutions, managing supplier delivery, regulatory changes and clarifications. The public sector is currently awaiting guidance from His Majesty's Treasury on the approach to be taken for applying interest to arrears and this has held up implementation of some work packages.

What we committed to, and what we delivered:

Support members, employers and colleagues through regular updates and FAQs on our online Remedy hub

The Remedy Hub on the SPPA website was re-launched in September to reflect scheme-specific Remedy handling with 'mini hubs' accessible from the landing page.

The Remedy Hub is one of our most visited webpages with over 150,000 visitors last year. We continue to issue our employer newsletters including a Remedy Special in October last year. We have introduced a series of member webinars where Remedy is a key topic which have been very well received and in 2024/25 we are launching a member newsletter.

We have received excellent support from employers and stakeholders to widen the reach of the employer newsletter including:

- Teachers' Trade Union, Scottish Secondary Teacher's Association – promotion of the Remedy special newsletter and plans for ongoing engagement.
- University and Colleges Employers Association – access to channels.
- NHS, BMA - promotion of the Remedy special newsletter.
- Pension Board dissemination to Police and Fire employers - circulation of the Remedy special newsletter.

Better communications by listening to our members and taking on board their feedback

We conducted user research on one of the Remedy choice letters to ensure that it met member needs. This work will continue as more choice letters are issued.

We engage closely with employer and member representatives sharing work in progress and testing member resources in advance of issue. We have delivered communication plans for all four of our schemes in consultation with our Pension Board members. These set out agreed communication principles and priorities to support our work.

Reinstate all impacted members to their legacy scheme by 1 October 2023

Reinstate to legacy is the first stage in the removal of the discrimination caused by the introduction of the 2015 scheme. NHS Officer and Teacher members were reinstated to their legacy scheme in October 2023. We did not meet this deadline for NHS Practitioners, Police and Fire members due to issues with the supplier process.

However, since October 2023 Police and Fire members have been receiving their choice of pension benefits under Remedy on retirement via a manual process. This allows us to give members a choice of which scheme they wish to receive benefits from for the Remedy period (April 2015 - March 2022). The SPPA offer these members two awards calculations based on which scheme is used for this period and the member then makes their choice. This decision is irrevocable.

Introduce the facility to produce dual-calculations for retirees from 1 October 2023

We did not meet this deadline for NHS and Teachers but have done so for Police and Fire (as outlined above). The regulatory deadline to have a dual Annual Benefits Statement / Remediable Service Statement in place is for March 2025.

Provide those members subject to immediate detriment with options in October 2023

We did not meet this commitment due to delays in legislation being in place and were therefore unable to begin this process. In addition, we are still waiting for final guidance from HMT and HMRC and agreement across the sector as to how to apply interest on arrears for payments to members. All agencies are pausing this work until this guidance has been received and agreed.

Introduce the facility to deliver dual Annual Benefit Statements from 2024

This facility will give all active members an annual statement with comparison benefits. The regulation allows us up to March 2025 to provide this to our active members.

Commence rectification from 2024

We will commence rectification in 2024, but this action was not initiated within the reporting period. This relates to the provision of Immediate Choice for retired members including those who retired on ill health grounds. We will provide each member with an RSS illustrating the two scheme options and process a pension revision on receipt of the member choice. This will begin in June 2024 and is due to complete ahead of the regulatory deadline of March 2025.

5.3 Priority three: deliver phase one of the pensions administration platform improvement programme

What we committed to, and what we delivered:

- **Migrate to new cloud-hosted pension platform and supplier-managed service, ensuring best practice service management disciplines and processes are implemented.**
- **Introduce a fully managed service for all schemes by 1 October 2023.**

The first significant milestone of the performance year was reached in June 2023 with the signing of the commercial contract with Heywood. This allowed the programme team to start to work through the new contract management that will be in place for the next five years.

The second significant milestone was reached in September 2023 with the successful migration of the Police and Fire data and systems onto the Heywood

cloud. This followed a successful period of functional and stress testing with comprehensive plans and ET engagement and approval. Whilst there were two defects post-delivery, these were quickly identified and fixed, with no business impact.

NHS and Teacher member data and systems were migrated successfully in December 2023.

- **Successfully migrate pensions calculations to Java and implement key changes to Annual Pension Increases by November 2023**

The migration to Java was initially viewed as a dependency, however, this was descoped from Phase 1 as the dependency proved not to be required to achieve the objectives for Phase 1. It is still required to achieve all the contractual objectives and has a revised timeline of Q1 2024/25.

- **Deliver a colleague-centred communications plan to support roll-out of our new platform**

We worked with Operations Managers and Team Leaders on all communications to ensure colleagues were informed and involved in each of the two migration events.
Phase two of the PPP will begin in 2024/25.

5.4 Priority four: develop our workforce and increase our capability

What we committed to, and what we delivered:

- **Build a more professional Agency by identifying necessary skills and providing pathways for development**

To achieve this the Agency has invested heavily in technical and leadership training, including.

- Following on from the classroom-based leadership development programme attended by B- and C-grade people managers last year, HR and the training team delivered a series of practical 'how to' sessions covering topics such as performance management and managing absence.
- Three colleagues have joined the Graduate Apprentice Scheme.
- Three colleagues are working towards SVQ qualifications in Business Admin.
- Training has been offered on a variety of technical skills including project management and Python.
- Design and deliver a workforce framework for forecasting resource requirements
- We implemented a structured approach to managing workforce data, introducing processes to enhance managers' resource planning.

- The framework uses data analysis and insight to better understand current and future staffing requirements. It helps us to identify resilience risks and direct the development of team-level workforce plans.

- **Improve our communications with colleagues by listening to, and acting on, their feedback**

- Internal communications were a major focus in 2023/24.
    o We produced an overarching communications strategy focused on bringing in more staff voices, and ensuring our outputs were closely aligned to our priorities.
    o We moved to a new staff intranet (Saltire), improved how we deliver all colleague events, and launched a new Leaders Update aimed at helping managers better support colleagues.
    o The new intranet has seen engagement increase by over 10%, while our colleague events have high participation (over 50%), with a 75% satisfaction rate.
- We have established a Leadership network for development and collaboration.
- We have also established our People Committee, which advises on colleague engagement, people development and capability, health and wellbeing, capacity and resourcing, recruitment, equality, diversity and inclusion.
- Operations leaders continued to run regular engagement sessions for colleagues, establishing a regular routine of face-to-face roadshows and fortnightly communications updates. These measures have been particularly important during the changes that Remedy and PPP have brought for operational teams. Interactive feedback mechanism are now standard during roadshows and colleague events allowing colleagues to share feedback.

- **Improve our colleague engagement score**

The 2023 People Survey recorded a 4% increase in the overall engagement index to 55%, our highest score in recent years. The engagement index is a workplace approach designed to ensure that employees remain committed to the organisation's goals and values, motivated to contribute to organisational success and while their wellbeing is supported.

Table 5.4a: People Survey engagement index score by year

	2023	2022	2021	2020	2019
People Survey Engagement Index score	55%	51%	52%	49%	47%

Agency results show improvement in all areas, and Operations followed a similar pattern with substantial increases across the board. The biggest improvements in

all Agency results include pay and benefits, up 13 points to 52, and my manager (68) and organisational objectives (73) both up 7 points.

Support core skills and technical capability

Over the past twelve months the People Development Team focused on technical training support for the Operational Service Delivery teams including:

- Remedy phase one (awards) - development of Altair training guides and delivery of a two-day workshop that included new ways of working, show and tells and Q&A sessions.
- Creating and maintaining digital Remedy training resources, which act as a comprehensive knowledge hub for completed Remedy process guides.
- Completion of phase one of developing a Single Point of Knowledge (SPoK), supporting self-learning across the agency. Most of the content (approximately 80%) being developed for this training and development tool will be published by October 2024.

The People Development core skills programme completed:
- 90% of current staff completed phase one leadership training.
- 3,482 hours of core skills training (including inductions).
- 74.2% of colleagues completed all mandatory courses and 90.7% of colleagues completed some of the courses.
- Nine local career/job fairs attended.

Reduce skills gaps

- The People Development team have developed a capability matrix to track progress against this KPI. This is a live document which highlights single points of failure and skills gaps, connects staff to training resources and tools, and tracks skill scores. The team introduced quarterly meetings with senior managers presenting capability reports and recommendations.

Other work of note

A more inclusive and diverse SPPA

- Over the past three years our scores on inclusion and fair treatment in the Civil Service People Survey have generally been trending upwards: see Table 5.4b.
- People Services colleagues have an established role in raising awareness around ED&I and linking to SG resources such as mandatory inclusive culture training and staff networks.
- Recruiting managers and panel members are required to complete the mandatory inclusive recruitment training prior to participating in any recruitment campaigns.
- The SPPA raised awareness about issues around equality, diversity and inclusion using methods such as Viva Engage (staff discussion forum) and the SPPA intranet.
- This includes events such as:
  - Women's Equality Day
  - National Inclusion Week
  - Dyslexia Awareness Week
  - International Men's Day
  - Menopause awareness sessions

Table 5.4b: People Survey inclusion and fair treatment scores

Statement	2018	2019	2020	2021	2022	2023
I am treated fairly at work	72	60	62	73	72	75
I am treated with respect by the people I work with	75	70	74	80	82	81
I feel valued for the work I do	52	41	46	57	53	58
I think that my organisation respects individual differences (for example, cultures, working styles, backgrounds, ideas)	65	52	61	68	68	75

2.5 Priority Five: be more cost-effective

What we committed to, and what we delivered:

Continue to develop a strong risk culture working with our new risk champions to improve information flow and promote best practice

- Aligned SPPA risk management practices closer to SG Core processes.
- Increased risk champion cover within the Agency. Risk champions are now in place for each team, and in all business areas.

- Monthly meetings with risk champions to provide a focus point to share and support with articulation/escalation of any existing/emerging risks.
- Introduced assurance framework for risk management.
- Fortnightly risk reviews with Executive Team and Risk Team.
- Articulated risk appetite to provide clear direction across the Agency.
- Risk management assurance framework introduced.
- Enhancements to Agency tracking and reviews of any Internal Audit recommendations.
- Continuing monthly dialogue between Audit and SPPA key contacts.
- Counter fraud policy reviewed and updated.
- Incident Management Plan has been documented and shared.

Improve Agency planning, reporting and use of data to help us better understand our performance, and identify and implement ways to improve services

As noted in the 'improve our service' section, a new Customer Insights Dashboard was introduced to support better insight management and monitoring. A cross-Agency team meets monthly to review and discuss the dashboard which provides at-a-glance customer service performance metrics as well as manager-level management information and targets. The dashboard is also used for performance reporting to Boards and other stakeholders. Our daily and weekly management information packs were also re-designed and improved in collaboration with Operations colleagues to support day-to-day team management.

SPPA commissions an annual benchmarking exercise by CEM which provides a service comparing pension administration costs and member services with a peer group of 13 other schemes.

CEM is an independent provider of benchmarking information, working with over 400 fund sponsors worldwide. They provide objective and actionable benchmarking insights to help organisations maximise value for money in investments and pension administration. Their pension administration service is used by their clients to demonstrate value for money to stakeholders, improve member and employer service, optimise costs and staffing levels, make better decisions and save time by learning from peers.

The results of the CEM report are made available in Q3 of the year and assess the previous financial year's performance. Therefore, the latest results are for performance year 2022/23. Key insights from the report show:

Cost Analysis

Our pension administration costs are higher per member than our peers, both in terms of our BAU costs, and Projects. The specific areas where we see the biggest spend difference to our peers are staffing and IT.

We have reduced our reliance on external contractors and in our Annual Business Plan for 2024/25 we have committed to have a people strategy in place by 31 October 2024

Service Analysis

Higher service is considered as having more channels, faster turnaround times, more availability, more choice, better content and higher quality.

CEM work on the principle of 'what is measured is managed, therefore what is not measured is not managed'. As a result, we are penalised for areas that are considered important service indicators where we are unable to provide data.

Overall our score was below the peer average. We aim to improve by:
- making improvements to member communications and vulnerable customer processes, improving scores for our pensioner members.
- making improvements to members communications and estimate services, improving scores for our active members.
- making improvements across all areas of our service for deferred members.

CEM uses a cost effectiveness scoring template which assesses cost v service. We were rated as delivering a high cost/ basic service. This was based on our total administration costs of £29.85 being £8.19 greater than the adjusted peer average of £21.66, and our total service score of 46 being 18 points lower than the peer median of 64.

Actions that peers are taking that we were not, included:
- meeting with members of the schemes
- provision of estimates for active and deferred members
- provision of benefits statements to deferred members
- having a secure online calculator which is linked to our member data
- deferred members being able to access the secure area of the website
- monitoring calls for coaching purposes

As our scores reflect our service to 31 March 2023, improvements implemented from 1 April 2023 are not included, such as those around communications, including webinars. We expect our service score to improve in the next set of results looking at our 2023/24 performance.

We performed higher than peers in some areas including set-ups and payments of new pensioners, with 97.6% receiving their pension on time compared to a peer median of 90%. We also scored well for our public website and for surveying deferred members and pensioners. The report also recognised the work done that year to reduce call wait times and abandonment rate, which reduced significantly.

A session was held in January with the ET to present the key findings. This session was timed to coincide with Annual Business Planning.

Improve the quality of data, including that of our members to ensure information is accurate and up to date

- Teachers Employer Efficiency Reports have been created and shared with all 32 local authorities.
- We run quarterly Technical Working Groups (TWG) for the four different public pension schemes. All employers are invited to attend these sessions where data quality is a key focus.
- Active member lists have been sent out to all employers in the last year. This presents the employers with an opportunity to compare our data with what they hold on their system and gives them an opportunity to reconcile their data. We have chased up employers who have not actioned this work.
- We have targeted visits to specific employers to help support their learning and reconcile erroneous and missing data.
- We attended a GP Practice manager seminar where we delivered a two-hour presentation on data quality.
- Annual return circular shared with all employers from the four schemes. This gives specific instruction on our needs regarding data and timelines for receipt.

Introduced a new stricter escalation process for deficient data returns.

What success will look like:

- **Working within allocated budget**

This was achieved. While we did request additional funds during the year, in the end we finished the year under our initial budget allocation.

It was identified early in the year that working within the initial budget allocation would be challenging, particularly due to the significant project costs related to 2015 Remedy and the Pension Platform Programme.

The initial budget allocation as per the Budget Bill was a combined budget of £33.650m (details of budget allocation are provided in Table 8.1a on page 46). This was supplemented during the Autumn Revision by an additional £0.425m, a budget transfer from the NHS in respect of actuarial services.

During the Spring Revision, the Agency requested and was granted an additional £3m budget allocation based on revised forecast, resulting in a final budget allocation of £37.075m, split between cash (resource and capital) of £30.075m and non-cash of £6.2m (depreciation).

The final performance against budget for the year showed a total cash outturn of £29.855m resulting in an underspend of £1.020m and non-cash outturn of £1.392m resulting in an underspend £4,808m. (Details of performance against budget are provided in Table 8.1b on page 46). The underspend on resource and capital were driven by two main factors: non-utilisation of prepaid consulting

hours related to 2015 Remedy (£0.5m) and the indefinite postponement of an anticipated office refurbishment (£0.375m).

Improve our cost effectiveness rating

As noted earlier, we do receive a cost effectiveness rating in our annual CEM report. Our most recent report was received in December 2023 based on our service in financial year 2022/23. For that year we were assessed as being 'high cost, basic service'.

Sustainability report

The SPPA is dedicated to supporting the Scottish Government's commitment to get to net zero greenhouse gas emissions by 2045. The SPPA also contributes to the Scottish Government's climate change report.

The SPPA's increased carbon emissions in 2023/24 is mostly reflective of the shift in staff working patterns. Routine hybrid working arrangements have become established and headcount has increased. Electricity consumption decreased by 17.99%. However, the 2022/23 gas consumption figure was produced with a massively reduced on site presence and the 2023/24 baseline figures were produced with a 20% increase on site attendance (compared to 2022/23).

Our target is to maintain kilowatt-hour consumption of gas used per m2 to within +/- 3% of 2022/23 levels by March 2024, so calculating the +/- 3% on a reduced

kilowatt per hour usage in 2022/23 narrows the bracket of target consumption for the following year (2023/24) significantly. The impact of this led to SPPA having a target to reduce gas consumption with a 20% increase in on-site staff attendance. Future reports that use the 2023/24 report as a baseline figure are likely to level out due to settling of hybrid working arrangements and future reductions in our emissions.

Target (2023/24)	Achieved Y/N	Performance (2023/24)	Commentary
Decrease overall carbon emissions by 3%	N	3.74 increase	Building maintenance regime to be upheld and reported on to ensure mitigations on carbon emission levels are effective.
Reduce our electricity usage compared to 2022/23	Y	17.99% decrease	Largely due to the installation of LED lighting internally and externally which was completed in November 2023.
3% reduction (year on year) in gas usage	N	5.2% increase	Continued maintenance regime for Building Management System (BMS) and external thermometer to ensure appropriate office temperature is upheld.
Decrease in water usage by 3%.	Y	10.79% decrease	Regime of monthly checks and greater monitoring of our water usage levels to ensure no water leaks throughout the building.
Improve our waste recycling	Y	Increased by 5% to 79%	Staff awareness led by Sustainability Consultant and green champions.

SPPA follows SG environmental policies, and in 2023/24 recruited a Sustainability Consultant to lead awareness, data gathering and to identify opportunities for improved governance of climate related issues. Climate change impacts are considered and proactively mitigated against in SPPA business continuity plans.

The SPPA office building is purpose built and low impact by design, with solar panels and a sedum roof. In SPPA's location in the Scottish Borders, sustainable transport can be difficult for staff travelling from remote areas. Staff are encouraged to make use of train links and improved remote video conferencing technology to support effective hybrid working. Electric car chargers are available for staff use, as well as a bicycle storage and maintenance shelter

Hybrid working remains the working model of choice within Scottish Government. The SPPA climate change strategy will balance carbon reduction targets with a comfortable and productive working environment for staff.

In 2023/24 we also produced a Sustainability Report and Biodiversity Strategy. We are currently working on producing our Environmental and Sustainability Strategies.

6 Agency projects and programmes

6.1 Goodwin

The status of this project is unchanged since 2022/23 reporting.

The Goodwin ruling was a court case that identified that male survivors of opposite sex marriages and civil partnerships were treated less favourably than survivors in same sex marriages and civil partnerships. This ruling only affects the NHS and teachers' pension schemes where the scheme rules were changed to ensure equality moving forward.

The Goodwin Project was split into three stages.

1. Stage one was to amend all existing calculations to ensure all dependants' benefits are accurate moving forward. This stage is complete with all dependants' benefits now calculating accurately which means the volume of cases we need to make amendments to will not increase.

2. Stage two was to refund all dependant members who had elected to purchase additional family benefits service. The court ruling means that the members would not have needed to purchase these additional benefits, they would have been entitled to receive these automatically. This stage is complete for all schemes, with the exception of teachers, with no further action required.

3. Stage three relates to dependant benefits already paid out at a lower value than the dependant is now entitled to. This stage of the project has not yet been concluded. There are a total of 4,903 payments that need to be amended with a new pension put into payment and arrears payments due.

6.2 Practitioners Contributions

A pilot project identified that in some cases NHS practitioner members were either overpaying or underpaying pension contributions.

Late in 2023 we established a project team who will be working with NHS employers to confirm the data and rectify these over and under payments. They will also be working to improve processes, so the situation doesn't happen again.

This year the team need to review practitioner member employment data to establish exactly who owes what and then organise collection of under payments or pay back of over payments. We expect the initial data validation will take at least three months, and we can then start to contact affected practitioners.

We are aiming to complete this project within 12-18 months.

7 Risks

Other Key Risks

- **Laying annual accounts.** This risk highlights how important it is for the SPPA to provide annual accounts to auditors and relevant stakeholders accurately and on time. Mitigation of this risk has been achieved through revising finance directorate organisation structure, enhancing documentation of key procedures and activities, identifying and delivering additional training, and establishing schedule for meetings with audit colleagues.

- **Oracle Fusion introduction**. This risk relates to the introduction of a new HR/Finance system across the Scottish Government delivered October 2024. The delivery of this is being project managed by Scottish Government. The SPPA continue to liaise with project team to ensure key objectives are achieved, while delivering required training for staff.

- **Operational delivery.** This risk links directly to our primary focus of ensuring we make payments accurately and on time to the 640,000 members we serve. This risk ensures the SPPA remains focused on this objective, throughout a period of change as we deliver on Remedy and data improvements. This risk has been mitigated through improvements in process documents, demand management support with movement of staff to different business areas, and contingency planning processes.

- **35-hour working week**. This risk monitors and supports business planning for reduction in the working week for SPPA staff. The agreement was part of pay negotiations between SG and Trade Unions. This change occurred in October 2024, and risk mitigation is required to prepare the Agency for this change to ensure no reduction in business performance.

- **SPPA funding**. Mitigation of this risk is around ongoing discussions with Ministers regarding funding, exploring other income generating options for SPPA.

8 Financial position at the end of the year

8.1 Financial overview

Budget is allocated from the Scottish Government's Finance Portfolio as presented to the Scottish Parliament. Budget for 2023/24 is shown in table 8.1a.

Table 8.1a: Budget allocation

	Revenue	Depreciation	Capital	Total
	£000	£000	£000	£000
Baseline – received	24,000	6,200	3,450	33,650
Initial budget allocation	24,000	6,200	3,450	33,650
Autumn Budget Round				
Transfer in from Scottish Government in respect of actuarial charges for NHS	425	-	-	425
Spring Budget Round				
Transfer in from Scottish Government to cover additional resource and capital spend	2,650	-	350	3,000
Revised budget allocation	27,075	6,200	3,800	37,075

Table 8.1b: Performance against budget in 2023/24

	Final budget allocation	Actual outturn	Overspend / (Underspend)
	£000	£000	£000
Resource	27,075	26,726	(349)
Depreciation	6,200	1,392	(4,808)
Capital	3,800	3,129	(671)
Total expenditure	37,075	31,247	(5,828)

Notes
- Delivering core services and the approved projects within the initial budget allocation was challenging, resulting in an additional budget allocation of £3m during the Spring Budget Round.
- In adapting to the changing work environment, we have been especially mindful of planning for a balanced financial position on a sustainable year-on-year basis.

- The underspend on depreciation of £4.81m (2022/23 £0.04 underspend) was driven by a high proportion of capital investment being currently classified as Assets Under Development (£2.055m).
- Capital expenditure was under budget by £0.671m (2022/23 £0.058m over budget), driven by two main factors: non-utilisation of prepaid consulting hours related to McCloud Remedy (£0.5m) and the indefinite postponement of an anticipated office refurbishment (£0.375m).

8.2 Financial resources 2023/24 and expenditure trends

Table 8.2a: Headline figures, summary of financial resources and expenditure trends

	2023/24 £000	2022/23 £000		2023/24 £000	2022/23 £000
Income	(312)	(227)	Total assets	40,422	52,253
Expenditure	28,430	24,649	Total liabilities	(17,294)	(15,564)
Net expenditure	28,118	24,422	Net assets	23,128	36,689

Notes
- Income of £0.312m (2022/23 - £0.227m) consists of £0.179m from work associated with pension sharing on divorce, £0.039m from the provision of pension calculation services to third parties, £0.016m from sub-letting of office space and £0.078 interest income.
- Expenditure has increased by £3.781m (15.34%) to £28.430m in 2023/24 from £24.649m in 2022/23 as detailed in Table 8.2b.
- Net expenditure has increased by £3.696m from 2022/23 driven by increases in staffing (£3.013m), IT maintenance (£0.958m) and actuarial services (£0.119m) (see Table 8.2b). There was a decrease in depreciation of £1.038.
- Table 8.2c provides the detail of the decrease in assets and liabilities from 2022/23.

Table 8.2b: Comparison of expenditure over five-year period

	2023/24	2022/23	2021/22	2020/21	2019/20
	£000	£000	£000	£000	£000
Staff costs	19,553	16,540	13,720	12,302	11,138
IT maintenance	3,543	2,585	2,407	2,438	2,901
Actuarial services	1,904	1,785	1,800	1,700	1,692
Depreciation	1,392	2,430	2,426	2,025	1,454
Accommodation costs	553	379	386	379	366
Other expenses	546	462	524	386	429
Professional & technical advisory services	395	338	78	154	185
Notional charges	289	279	279	271	292
Postage	238	163	162	150	209
Compensation payments	17	15	3	21	(357)
Reform of guaranteed minimum pensions	-	15	65	193	298
Expenditure	**28,430**	**24,991**	**21,850**	**20,019**	**18,607**
Expenditure relating to revaluations	-	(343)	(397)	(63)	(109)
Total expenditure	**28,430**	**24,648**	**21,453**	**19,956**	**18,498**

Notes
- Staff costs of £19.553m (2022/23 – £16.540m) an increase of £3.013m of which £1.8m is attributable to the annual pay rise and pay scale progression and new salaried appointments and £0.403m to increase in Agency (contingent) workers. Further detail is available in section 11 - Remuneration and Staff Report.
- Depreciation and amortisation of property, plant and equipment and information technology was £1.392m for 2023/24 (2022/23 - £2.430m) which was a £1.038m decrease on the prior year. The decrease was attributable to high proportion of assets under development included in capital expenditure (£1,743m)

- Actuarial services totalled £1.904m (2022/23 - £1.785m), which was £0.119m increase from the previous year. Costs are dependent on the valuation cycle for the pension liabilities of the NHS Scotland, Scottish Teachers, Scottish Fire and Rescue Service, Police Scotland and Local Government pension schemes, and pension legislation changes.
- Notional charges cover services provided by the Scottish Government of £0.115m, and Audit Scotland's audit fee of £0.174m.

Table 8.2c: Comparison of assets and liabilities over a five-year period

	2023/24	2022/23	2021/22	2020/21	2019/2020
	£000	£000	£000	£000	£000
Property, plant, and equipment	5,805	5,358	5,175	4,900	5,038
Computer software and licenses	2,914	1,624	3,219	5,019	5,311
Trade and other receivables*	31,703	45,271	22,496	8,295	9,368
Total assets	**40,422**	**52,253**	**30,890**	**18,214**	**19,717**
Trade and other payables*	(17,229)	(15,522)	(2,745)	(9,029)	(11,094)
Provisions for liabilities and charges	(65)	(42)	(1)	(12)	0
Total liabilities	**(17,294)**	**(15,564)**	**(2,746)**	**(9,041)**	**(11,094)**
Net assets	**23,128**	**36,689**	**28,144**	**9,173**	**8,623**

*Other receivables and payables include balances relating to the payment of pensions on behalf of the Scottish Police and Scottish Fire and Rescue Service.
Notes:
- Total assets decreased by £11.831m to £40.422m, and comprised:
- Property, plant, and equipment of £5.805m, which includes £4.764m of freehold land and buildings.
- Computer software and licenses of £2.914m, an increase of £1.290m from last year due to increased capital expenditure. The balance includes £2.055m of assets under development.
- Trade and other receivables of £31.703m including balances relating to the payment of pensions on behalf of Police Scotland of £26.001m (2022/23 - £22.15m) and Scottish Fire and Rescue Service of £5.074m (2022/23 - £4.47m).
- Total liabilities increased to £17.294m from £15.564m in 2022/23.

- Trade and other payables balance on 31 March 2024 of £17.229m included £12.925m (2022/23 - £12.161m) relating to the administration of Police Scotland and £2.490m (2022/23 - £2.494m) relating to the administration of Scottish Fire and Rescue Service pensions; and £1.725m of accrued and deferred income.

Further information on the SPPA's income, expenditure, assets, and liabilities can be found in the financial statements and the notes to the accounts.

Stephen Pathirana

Stephen Pathirana
Chief Executive
09 December 2024

Accountability report

9 Corporate governance report

9.1 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 in Section 10.

Funding and structure

As an agency of the Scottish Government, SPPA continues to be funded through the Scottish Government's Programme Budget. The SPPA Chief Executive reports directly to, and is performance managed by, the Director General: Corporate (DG:C). The Director General: Corporate is also the Agency's Portfolio Accountable Officer (sometimes referred to as 'Fraser Figure').

9.2 Directors and management structure

The SPPA Management Advisory Board 2023/24

The members of the Management Advisory Board who served the Agency during 2023/24 are shown in the Table 9.2a. Responsibility for chairing the Management Advisory Board rotated between each member of the Board from meeting to meeting.

Table 9.2a: Management Advisory Board 2023/24

Role	Name
Chief Executive and Accountable Officer	**David Robb**
Non-Executive Advisory Members	**Mark Adderley** Management Advisory Board and People Committee **Ian Forbes** Management Advisory Board and Audit & Risk Committee **Helen Mackenzie** Management Advisory Board and Chair of Audit & Risk Committee **Jane Malcolm** Management Advisory Board and People Committee **Norman McNeil** Management Advisory Board **Clare Scott** Management Advisory Board and Audit & Risk Committee

Members of this board are required to declare any conflict of interests at each board meeting, mandatory disclosure at appointment and a yearly review.

The register of interests for these groups can be found on the Management Advisory Board section of the SPPA website.

The SPPA Executive Team
The members of the Executive Team who served the SPPA during 2023/24 are shown in Table 9.2b.

Table 9.2b: SPPA Executive Team

Name	Role
David Robb	Chief Executive
Karen Morley	Head of Finance, Procurement and Risk (to 30 June 2023)
Philip McKibben	Interim Head of Finance and Procurement (from 30 June 2023 to 31 October 2023)
John Burns	Chief Finance Officer (permanent from 30 October 2023)
Iain Coltman	Head of Policy
Garry Cossar	Head of People, Strategy and Communications (to 10 November 2023)
Laura Pacey	Interim Head of Strategy and Communications (temporary from 27 November 2023)
Debbie Trafford	Interim Head of People (temporary from 10 November 2023)
Frances Graham	Chief Operating Officer

Full biographies of the SPPA Executive Team can be found on the 'about us' section of our website.

The Executive Team met weekly during 2023/24 to discuss day-to-day Agency management including operational delivery, projects and priorities, people and recruitment as well as current and emerging risks. Meetings were chaired by SPPA Chief Executive Officer, or delegate.

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 2023/24 there were no 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. 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 2023/24 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

9.3 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 108 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

10 Governance statement

10.1 The SPPA's Governance Framework

The Governance Framework[1] is designed to ensure that the 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 two of 'On Board: A Guide for Members of Management Advisory Boards[2]' 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 lays 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.
- 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 September 2022. This document will be reviewed in summer 2024.

10.2 Scope of responsibility

As Accountable Officer during 2023/24, David Robb was responsible for maintaining an adequate and 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 he is personally responsible in accordance with the responsibilities assigned to him. From June 2024, these responsibilities were assigned to Dr Pathirana as David Robb's successor.

SPPA adheres 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.

10.3 Primary Governance Bodies Schematic

The bodies which assist the Accountable Officer in the governance of the SPPA is available on our website with a <u>Governance Schematic</u>[3]. The schematic illustrates the different governance arrangements in place for both Agency Corporate Governance and Pension Scheme Manager delivery.

10.4 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) and are, therefore, neither personally nor collectively accountable for the SPPA's performance.

The 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:

- 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 financial and budgetary updates from the Head of Finance, Procurement and Risk; to review our budget and outturn position alongside financial performance against key metrics.
- 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 our Pension Platform Programme and progress with Remedy work.

During 2023/24, there was a gender balance on the Board. The Management Advisory Board are listed on Table 9.2a and <u>biographies and meeting minutes</u>[4] are published on the SPPA website.

One of our MAB members, Ian Forbes, stepped down from MAB and the Audit and Risk Committee (ARC) on 30 April 2024 after serving on the Board since 2018. A Public Appointee recruitment exercise concluded in May 2024 with two new members joining MAB – Alan Wright and Mark Tarry – and one new member joining ARC – Kevin McLeod. Clare Scott succeeded Helen Mackenzie as Audit and Risk Committee Chair in August 2024 when Helen stepped down from this role.
Both the MAB and ARC regularly carry out a self-assessment of their effectiveness.

10.5 Audit and Risk Committee (ARC)

The MAB is supported by an ARC which, during 2023/24 until new appointments were made with effect from June 2024, comprised three of the MAB members. 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 six occasions. The Committee's work has included:
- receiving updates and reports from the SPPA Executive Team and senior managers to provide assurance in an Annual Report to the Accountable Officer and Management Advisory Board.
- supporting 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 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 2023/24 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 2023/24 have included retrospective review of Annual Report and Accounts process, cyber security/cyber incident response plan, and data improvement.

Draft minutes of the ARC are included on the MAB agenda for review and the Committee also publishes an annual report.

10.6 People Committee

This sub-committee of MAB focuses on people related matters. The Terms of Reference for this sub-committee were presented to MAB and agreed in October 2022. Two non-executive members of MAB form the membership of the People Committee and report back to MAB and the Chief Executive on the matters discussed.

The People Committee supports the Chief Executive in discharging responsibilities for key people-related issues, such as:

- Colleague engagement
- People development and capability
- Health and wellbeing
- Capacity and resourcing
- Recruitment and resourcing

- Equality, diversity, and inclusion

During the year, the People Committee met on three occasions. The Board's work has included:

- a review of the Agency performance indicators that relate to People.
- an overview of the current workforce issues in the Agency and the workforce planning underway to address this.
- receiving updates on Agency recruitment.
- a review of the colleague engagement Pulse survey results.
- equality, diversity and inclusion.

10.7 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 three occasions.

The work of the Pension Boards has included:

- receiving reports from the SPPA Executive Team and senior managers on our progress in achieving key tasks.

- receiving reports on scheme-specific performance metrics allowing the Board to discuss and assist in key performance areas.
- receiving regular updates on projects such as the Pension Platform Programme, 2015 Remedy and Annual Benefit Statements.
- receiving reports on quarterly risk reporting and supporting the SPPA by recommending mitigations at a scheme-specific level.
- producing Annual Reports to reflect their discussions and the effectiveness of their work that year.

10.8 The SPPA Executive Team

Please refer to the 'The SPPA Executive Team' section of the Directors' Report – Table 9.2b.

The Executive Team met weekly during 2023/24 to discuss day-to-day-agency management including operational delivery, projects and priorities, people and recruitment as well as current and emerging risks. Meetings were chaired by SPPA Chief Executive Officer, or delegate.

10.9 The Policy Team

The SPPA Policy team acts as the key policy adviser to the Scottish Ministers on public service pensions and manages the scheme regulations for the executively devolved schemes and other associated workforce provisions. During the 2023/24 year, the SPPA's policy officials:

- provided policy advice to Scottish Ministers on a range of pension-related matters.
- worked with the Government Actuary's Department to finalise quadrennial valuations of the devolved public service schemes, establishing employer contribution rates applicable from 1 April 2024.
- engaged with key employer and member stakeholders through the five tripartite Scheme Advisory Boards, as well as providing secretariat support to four of those boards.
- participated in HM Treasury-led working and steering groups established to consider issues in relation to 2015 Remedy.
- introduced statutory instruments for each of the devolved schemes to deliver the second phase of 2015 Remedy, from 1 October 2023.
- undertook a number of consultations on policy issues across the schemes.
- Introduced miscellaneous amendments to the regulations of the local government, firefighter, NHS and Police schemes, laid before Parliament in 2023/24.
- On behalf of Scottish Ministers, determined appeals from applicants under the devolved schemes' internal dispute resolution procedures.

10.10- 10.18 Risk and Assurance

10.10 Risk Management, control, and assurance

The SPPA maintains a consistent, tiered approach to the management of risk in line with Scottish Government and Industry best practice. We continue to be led by the Scottish Government's Risk Management guidance and UK Government Orange Book.

Risk management is used to alert us to actual threats or emerging issues likely to impact the achievement of our objectives. This approach has been regularly reviewed and iterated to ensure it remains appropriate to meet the aims of agency and effectively engage the whole agency in risk discussions. Our Risk Champions Network has matured and expanded in 2023/24, providing useful cross-Agency soundings and insight.

The risk appetite of the SPPA is being shaped to ensure that planning and decision making adequately reflects the risks we are prepared to take to achieve our objectives.

The Executive Team key strategic risks for 2023/24 are as follows and considered below.

Table 10.10a Key Strategic Risks

Key Risk	Impact	Key mitigating activity	Impact on risk of mitigating activities
Data: quality is not in a fit and proper state	Our ability to rely upon it to carry out our responsibilities and obligations is compromised.	Dedicated Data improvement lead appointed. Established data profiling for basic member records.	Identified the most 'at risk' data tables allowing controls to be focused here and increase confidence in quality of data in low risk tables.
Operational delivery: risk of failure to pay pensions accurately and on time.	Pensioners will not be paid leading to loss of confidence and reputational damage for the Agency. Failure to deliver our purpose, responsibilities and service level agreements	Detailed and closely monitored operational delivery plans allow agile resource management. Developing demand forecasting for all in-flows of work. Additional contract contingency in place to	Resources are mobilised to priority areas in sufficient time to meet forecast demands and focus on processing pensions awards in priority order.

	with Scottish Government, The Pensions Regulator, members, and employers.	reduce risk of serious system disruption.	
People capability: having the correct skills and experience in house to effectively meet today's and tomorrow's demands.	Our ability to meet the needs of our stakeholders and deliver our priorities will be compromised.	Staffing establishment/ budget in place. Recruitment and resourcing controls operational. People Transformation Lead appointed.	Identification and prioritisation of core/critical skills supports all recruitment, resourcing, and training decisions, maximising positive outcomes for teams and the SPPA.
People capacity: insufficient resources or inappropriate operating model	Failure to meet our vision, deliver improvements identified for the business and have a negative impact on colleague wellbeing.	Executive Team recruitment completed. Restructured Customer Services leadership team. Recruitment and resourcing controls in place.	Robust leadership at Executive level. Increased resilience and improved reporting lines from Executive Team through operational delivery teams.
Cyber	If SPPA do not meet baseline security requirements, the organisation would be exposed and vulnerable to a cyber attack.	Working with colleagues in Scottish Government IT team to ensure network is maintained appropriately. Annual cyber awareness sessions held. NIST cyber principles agreed and plan in place to deliver.	Provides tangible assurance of steps taken to comply with recognised standards and approaches. Provides an opportunity to identify areas for further improvement allowing enhanced actions to be taken.

2015 Remedy	SPPA would fail to provide dual RSS statements to members and associated follow-up work, resulting in members receiving incorrect pension payments and SPPA not meeting legislation requirements.	Programme governance in place, with detailed delivery plans and timetables for change. Contingency measures in place to ensure legislation requirements are met.	Provide tangible assurance steps to comply with legislation; ensuring suitable changes to SPPA policy, processes, systems and training and included.
Annual Accounts	SPPA reputation would be damaged by not providing accurate accounts in timely manner.	Improvements to financial organisation structure, increased liaison meetings between SPPA and Audit Scotland, improvements to process documentation and training.	Provide assurances to internal and external stakeholders of lessons learnt from previous years accounts, and improve resilience in this area.
Oracle Fusion	SPPA ability to make payments to members, procurement and perform various internal HR functions would be compromised.	Project being managed by core Scottish Government, and SPPA continue to liaise closely with project team.	Involvement in work ensures SPPA can react proactively to changes in these platforms.
35-hr working week	SPPA effectiveness could be impacted.	Changes negotiated between core Scottish Government and relevant Trade Unions. Improved processes for change of contracted hours.	Mitigation of work continues to develop, linking reduction into efficiency improvements in processes to ensure no reduction in quality/qualitative measures.
SPPA funding	Failure to work within reduced budgets from core Scottish Government could lead to internal/external scrutiny from stakeholders,	Root and branch review of spending, prioritisations and allocation. Reviewing potential revenue raising methods for agency, including use of estate.	Mitigation through efficiency saving and continuous improvement, to provide assurances that core activities can function.

	regulatory/legislative impacts.		Review and prepare new medium-term financial strategy.
SPPA Commercial	Insufficient safeguards, controls or procedures in place for suppliers. Potentially could lead to an inability to account for the security, fairness, lawfulness and transparency of processing personal data, supplier systems and working practices with potential regulatory/legislative impacts.	Procurement policy in place with permitted suppliers being used. Roles and responsibilities issued to all contract managers. Cyber security certificates received from all suppliers who manage our data on hosting services. Contract/management pack provided to contract managers for high-value or high-risk contracts	Provides an embedded process for ensuring effective Contract Management with the provision of required assurances.

Developing our annual strategic view, we have streamlined the corporate risks to reflect the key challenges to delivery of the annual business plan. Our highest risks from 2023/24 were the delivery of two high-profile projects (data improvements and Remedy legislation). These risks are managed through Programme and Change boards with regular updates being provided to internal and external stakeholders (including Pension Boards and ARC).

Of equal note is the risk of failure to deliver our agency purpose – paying pensions accurately and on time – which we have referred to as failure of operational delivery. This high-level risk highlights the core function of agency and the importance in the actions and planning to achieve this.

Risks continue to be identified by workshop, business plan analysis or colleague feedback, with risk owners leading scoring and contextual discussion on the risks and controls. Risks are reviewed monthly at leadership level and a minimum of quarterly at operational level. Strategic risks, highest scoring of which are summarised above, are presented to all boards quarterly and open to challenge.

Business continuity

In 2023 we established a Business Continuity Working Group that includes of members of the Estate and Environment team, the SPPA (Scottish Public Pensions Agency) Risk and Assurance manager and SPPA Data Protection and Information Governance Manager.

Within this group we have devised a Business Continuity Testing Strategy where we will carry out different tests of our business continuity plan over the coming year/s. The first test took place in February 2024 where we tested the SPPA on-call process and carried out theory-based interviews with the on-call staff as well as a practical test. There have been many lessons learned and we have looked at areas where we can improve the on-call process to ensure our staff have the experience and knowledge required in the event of an incident occurring during out of normal working hours.

In August 2023 we had representatives from Police Scotland Organised Crime and Counter Terrorism Unit deliver postal threats awareness training to members of the Estate and Environment Team. This was beneficial for members of the Estate and Environment team as they manage the mailroom function and all incoming and outgoing mail packages, and this training enabled the Estate and Environment team to look at current working practices and make improvements to reduce the likelihood, impact, and severity of a postal threat event.

In February 2024 members of the Estate and Environment Team updated the Business Continuity Alert Phase Document and distributed grab bags to Senior Managers which contained the Business Continuity Alert Phase Document and an updated contacts list. A presentation to all relevant people took place which outlined the process should a business continuity incident/event take place.

Throughout the year, all quarterly health and safety inspections and fire safety inspections of the building have taken place and been followed up with a quarterly health and safety committee meeting with representation from all areas of the workforce.

Our Incident Management Process has been successfully deployed throughout the year and we are rolling out further iteration and education, taking on board colleague and Pension Board feedback.

We have worked closely with Scottish Government Business Continuity function to ensure we are following best practice and are sighted on key conversations such as power supply monitoring and central network resilience.

Other points to note:

- we have increased the numbers of staff who have had Fire Marshal training to 16 and this has included members of the NHS Borders vaccination hub who were involved in the successful Fire Evacuation tests carried out on the 19 July 2023 and 6 March 2024.
- we have increased the numbers of First Aid at Work-trained staff to 18, which is a record number. This should improve our own resilience should there be an incident/accident that requires first aid.
- we have updated and tested our Groupcall (emergency telephone alert system for staff) with the most recent test taking place in October 2023.
- in March 2024 four members of the Business Continuity Working Group travelled to the UK Government Emergency Planning College in York for the "Introduction to Business Continuity" course which is the first tranche

of formal business continuity training members of the group have had. We aim to roll this training out to other members of the Business Continuity Working group in 2024/25.

Counter-fraud

There have been two instances of fraud potentially committed against SPPA. One of these cases is being investigated by appropriate authorities for potential prosecution.

We have worked with Scottish Government Counter Fraud department to review concerns or unusual activity. We continue to develop and enhance the counter fraud presence within agency to support staff vigilance and reporting processes. This work will improve assurances in this area.

Whistleblowing reports

There were no cases in this financial year.

10.11 Audit and assurance

The Directorate for Internal Audit and Assurance's annual assurance report for 2023/24 gave the SPPA an overall Reasonable Assurance opinion meaning that the Agencies procedures are adequate and effective yet require some improvements to enhance further. DIAA found risk, governance and/or control procedures had weaknesses but not of a significant nature. The annual report recognises the improvements SPPA has made in engagement and proposes recommendations such as Workforce planning, Management Information, and periodic review of guidance.

The SPPA regularly engage with Internal Audit and Assurance, linking with Audit and Risk Committee to inform suggested plans for yearly audit assessments.

Audits are carried out on quarterly basis, with recommendations being provided following fieldwork and analysis of current working practices. Recommendations are then considered by SPPA directors to respond to each suggested action.

 Throughout 2023/24, four audits were held with no high priority recommendations received (meaning serious risk exposure or weakness requiring urgent consideration).

The following audits during 2023/24:

IT Contract Management
This audit gave limited assurance and resulted in agency introducing monitoring and regularly reporting on supplier contracts, with regular reviews with procurement colleagues.

Transfer In and Out
This audit gave reasonable assurance, and supported agency embedding risk management policy and best practices in this area, improving and co-ordinating training and operational instructions in this area.

Performance Reporting
This audit was advisory, so no assurance marking was provided. This work helped inform agency of existing working practices in this area, including suggestions for further embedding of agency KPIs.

Pensioner PAYE Tax Compliance
This audit gave reasonable assurance from external audit partners (Ernst & Young), helping articulate the relationships between finance, operational colleagues and HMRC; informing and supporting agency conversations to improve this area in efficiency and effectiveness.

10.12 Data assurance

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

Minimal risk personal data breaches were reported internally to the Agency Data Protection Officer on 25 occasions during the reporting period– a decrease of 3 on the 2022-23 reporting period. No breaches met the threshold for being reportable to ICO. We will record and report any breach to ARC within an end of year report, even if escalation to the Information Commissioner's Office is not warranted.

A step-by-step guide to handling breaches is available on the SPPA's internal intranet and is also included within an Incident Management Process and 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. Use of the Scottish Government's Pathways training portal has enables additional compulsory training, such as email Phishing awareness, to be included.

During the reporting period, SPPA further implemented the recommended improvements resulting from a wider consensual audit of the Scottish Government by the Information Commissioner's Office (ICO). For the SPPA, High and Reasonable levels of assurance were reported for the two thematic areas of Governance and Accountability and Information Risk Management respectively.

10.13 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 Executive Team have been assigned Information Asset Owner responsibilities and undergo 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 demonstrates SPPA has maintained a steady state.

10.14 Health and safety

Our approach to health and safety is a partnership between the SPPA Executive Team, our members of staff, our Health and Safety Committee and the Trade Unions. The agency consults with the Scottish Government Health and Safety branch and we have our own competent and trained personnel to advise on all health and safety matters, safe working practices and keep our staff informed of any health and safety developments or changes that may affect them.

- We moved to a hybrid working model in November 2021 and our successful hybrid working plan was created using a collaborative approach between our partners and stakeholders. The hybrid working plan has evolved since its implementation and we have made changes to the office environment that will help our staff be safe and secure whilst on-site and have provided support and education for our people to ensure good practice and a safer environment when working from home.
- The Agency is committed to eliminating all accidents and incidents relating to staff and visitors to the building. Accident and incident reporting systems are in place including the reporting of near-miss incidents which are analysed, and any remedial actions required are actioned promptly to reduce the likelihood of an incident occurring.
- We strongly encourage our staff and visitors to report all accidents/incidents and near-miss incidents to help us improve our health and safety practices within our workplace and for staff working at home.

Incidents 2023/24

We had no near-miss incidents; however we have had a total of six incidents/accidents. These were all minor incidents such as slips/trips/falls and minor injuries and any required first aid and remedial actions were taken immediately to ensure no further accidents/incidents.

Health and Safety Inspections

We have continued to carry out our quarterly workplace health and safety and fire safety inspections throughout the year with no major issues to report. The main issues we identified were predominantly housekeeping issues and minor repairs all of which were addressed by our facilities maintenance contractor.

Fire Evacuation Test

We carried out two fire evacuation tests throughout the year and both were a success with the building fully evacuated within two minutes.
On our last fire evacuation we had representation from NHS Borders who participated in the exercise after we had some of their supervisors receive the Fire Marshal training alongside our own staff here at SPPA. We found this to be a success and we will offer this opportunity to future co-location partners to ensure we continuously improve our health and safety and fire safety protocols.

Co-location

In 2023 we produced an Estate Strategy and it was agreed that we would continue to share more of our space within the building with other Scottish Government departments and Non-Departmental Government Bodies (NDPBs) after a successful pilot scheme with NHS Borders and Scottish Enterprise. We are currently in discussions with other agencies and NDPBs with a view to increasing co-location within the SPPA building.

With the experience we have gained of working with NHS Borders and Scottish Enterprise as co-location partners we have enhanced and improved our Health and Safety protocols within the SPPA building.

Other points to note:

CCTV Upgrade. In November 2023 we upgraded our CCTV to improve our security and align with the security system that the Scottish Government have installed throughout the Scottish Government estate. This will enhance our security and help keep our people safe and secure whilst on-site.

Health and Safety Committee. The Health and Safety Committee continue to hold quarterly meetings and there is representation from all areas of the business within the group. Feedback, ideas and knowledge is shared amongst the group, and we also provide training opportunities for Fire Marshal training, First Aid courses and defibrillator training. We also work together to raise awareness on

Health and Safety issues throughout the office and health and safety committee members cascade this to their respective teams.

first aid/wellbeing room. In January 2024, changes and improvements were made to the first aid room to double up as a wellbeing room should there be a first aid incident/wellbeing issue where a member of staff can go and recuperate/recover should they have an incident or an issue that affects their wellbeing.

first aid at work training. We have increased our first aid at work trained staff to a record high of eighteen members of staff. This will increase our resilience and improve the preparedness in the event of an accident/incident that requires first aid treatment.

mental health first aid training. In March 2024, three members of staff attended the Mental Health First Aid training. This should be of great benefit to the staff who have had the training and will also raise awareness of the support available should there be a member of staff or visitor have a mental health issue/incident.

legionella training. In January 2024 ten members of the Health and Safety committee attended the Legionella Responsible Persons course.

IOSH Managing Safely. In December 2023, five members of the Estate and Environment Team attended the IOSH Managing Safely course, this increases the number of staff to seven who have had this training and also goes a long way to improving our knowledge and resilience of health and safety throughout the Estate and Environment team.

10.15 Reliance on experts

The Agency relies on the work of experts. This includes taking advice from the Government Actuary's Department on matters relating to the five pension schemes, NHS, Teachers, Police, Fire and Local Government Pension Scheme (LGPS). This work includes, but is not limited to, the annual assessment of the value of pension liabilities for the NHS and Teacher's pension schemes. The District Valuer periodically reviews the Agency's premises, the last of which was carried out as at 31 March 2023.

10.16 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. Feedback from events is compiled and communicated to colleagues through formal and informal communication channels and minutes of the Management Advisory Board, ARC and Pension Boards are uploaded onto the SPPA website 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.

We are also involved in an industry benchmarking programme which allows us to compare our service and delivery with other pension providers. 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.

10.17 Trade Unions

A Partnership Agreement is in place between Scottish Government management and the Council of Scottish Government Unions (CSGU). PCS is the main union within SPPA. It exists 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 Forum with representatives from across the Agency.

10.18 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. He also received assurance from the Accountable Officer of both Police and Fire in respect of matters for which they are responsible, and issues assurance to each in respect of matters for which he is responsible, in the context of providing pensions administration services under the relevant agreements. 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. There have been no significant matters arising from these written assurance statements to highlight. The process follows generally accepted corporate best practices and relevant guidance in this area, none of which has materially changed in the last three years.

11 Remuneration and staff 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.

The 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 website](#)[8] 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 MAB and ARC committees.

Independent non-executive members of the SPPA are appointed by the Chief Executive for an initial period of four years, with the option of another four-year period to follow. Table 9.2a includes details of non-executive members.

11.1 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;[9]
- Scottish 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 Scottish Government's departmental expenditure limits; and
- the Scottish Government's inflation target.

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[8] [Home - Civil Service Commission (independent.gov.uk)](#)
[9] Civil Service Commission annual report and accounts 2022/23: https://www.gov.uk/government/publications/civil-service-commission-annual-report-and-accounts-202223

Further information about the work of the SSRB can be found via the Office of Manpower Economics[10].

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.

11.2 Remuneration Disclosure

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:

	2023-24	2022-23
	£'000	£'000
Mark Adderley	0-5	0-5
Ian Forbes	0-5	0-5
Helen Mackenzie	0-5	0-5
Jane Malcolm	0-5	0-5
Norman McNeil	0-5	0-5
Clare Scott	0-5	0-5

Executive Team (audited information)

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

Role and post holder	2023-24			2022-23		
	Salary £'000	Pension benefits (to nearest £1000) [1]	Total £'000	Salary £'000	Pension benefits (to nearest £1000) [1]	Total £'000
Chief Executive Officer David Robb	105-110	49	155-160	95-100	35	130-135
Head of Policy Iain Coltman	70-75	29	100-105	65-70	26	95-100
Chief Operating Officer	80-85	33	115-120	5-10 (65 – 70 full	2	40-45

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[10] Office of Manpower Economics

				year equivalent)		
Frances Graham						
Head of Finance, Procurement and Risk Karen Morley (left July 2023)	20-25	16	40-45	75-80	22	95-100
Head of Finance, Procurement and Risk Phil McKibben (Interim August – October 2023)	15-20	5	20-25	-	-	-
Chief Finance Officer John Burns (joined October 2023)	30-35	12	45-50	-	-	-
Head of People, Strategy and Communications Garry Cossar (left November 2023)	45-50	18	65-70	75-80	29	105-110
Head of People Debbie Trafford (Interim, from November 2023)	30-35	15	45-50	-	-	-
Head of Strategy and Communications Laura Pacey (Interim, from November 2023)	25-30	38	65-70	-	-	-

11.3 Pension benefits (audited information)

Name and title	Accrued pension at pension age as at 31 March 23 and related lump sum	Real increase in pension and lump sum at pension age	CETV at 31 March 2024	CETV at 31 March 2023	Real increase/ (decrease) in CETV
	£'000	£'000	£'000	£'000	£'000
Chief Executive Officer David Robb	45 - 50 plus a lump sum of 125 - 130	2.5 - 5 plus a lump sum of 0 - 2.5	1,150	1,016	41
Head of Policy Iain Coltman	15 – 20	0 – 2.5	234	189	18
Chief Operating Officer Frances Graham	0 – 5	0 – 2.5	34	2	26
Head of Finance, Procurement and Risk Karen Morley (left July 2023)	30 - 35 plus a lump sum of 95 - 100	0 - 2.5 plus a lump sum of 0 - 2.5	835	791	14
Head of Finance, Procurement and Risk Phil McKibben (Interim August – October 2023)	0 – 5	0 – 2.5	38	34	3
Chief Finance Officer John Burns (joined October 2023)	0 – 5	0 – 2.5	12	0	10
Head of People, Strategy and Communications Garry Cossar (left November 2023)	5 – 10	0 – 2.5	85	67	9
Head of People Debbie Trafford (Interim, from November 2023)	0 – 5	0 – 2.5	49	37	8

Head of Strategy and Communications Laura Pacey (Interim, from November 2023)	15 - 20	0 – 2.5	243	217	25

11.4 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, 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 his 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 in 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 on the [Civil service pensions website](#)[11].

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 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

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[11] [Civil Service Pensions / Home - Civil Service Pension Scheme](#)

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.

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.

11.5 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. The calculation includes temporary Agency staff paid by invoice.

The banded remuneration (excluding pension benefits) of the highest paid permanent employee in the organisation in 2023/24 was £105,000 – 110,000 for the Chief Executive (2022/23: £95,000 - 100,000). This was 3.55 times (2022/23: 3.60) the median remuneration of the workforce, which was £29,677 (2022/23: £28,709). 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 attributable to the change in the highest paid director being greater than the equivalent change in employee's pay as a whole. In 2023 – 24, twelve (2022 – 23: Nil) external contractors received remuneration in excess of the highest paid director..

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 5.3%. The average percentage change from the previous financial year in respect of the employees of the entity taken as a whole was 3.4%.

Total remuneration includes salary and non-consolidated performance-related pay. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. Members of staff do not receive any additional benefits. Remuneration across SPPA ranged from £21k - £298k (2022 – 23: £13k - £254k). The high value of £298k related to the annualised salary of an external contractor who did not work the full year.

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 11.5a: Median pay disclosure

2023/24	25th percentile	Median	75th percentile
Salary component of pay	£29,677	£33,867	£41,005
Total pay excluding pension: pay ratio for highest paid employee	3.62	3.17	2.62
2022/23	**25th percentile**	**Median**	**75th percentile**
Salary component of pay	£26,623	£28,709	£34,730
Total pay excluding pension: pay ratio for highest paid employee	3.66	3.40	2.81

2023/24	25th percentile	Median	75th percentile
Percentage change from 2022/23	1.03%	6.64%	6.70%

11.6 Staff Report

Table 11.6a: Staff numbers, costs, and pensions (audited information)

Administration costs	2023/24 £000	2022/23 £000
Wages and salaries	12,033	10,162
Social security costs	1,272	1,084
Other pension costs	3,164	2,614
Agency staff costs	3,084	2,681
Total administration staff costs	**19,553**	**16,541**

**Table 11.6b: Average number of full-time equivalent persons employed by year**

Average number of full-time equivalent persons employed	2023/24			2022/23		
	Female	Male	Total	Female	Male	Total
Senior civil servant	0	1	1	0	1	**1**
Senior management	1	4	5	1	3	**4**
Other permanent staff	176	165	341	153	145	**298**
Agency staff	6	20	26	5	15	**20**
Total	183	190	373			**323**

- 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 of 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.
- For 2023/24, employers' contributions of £3.147m were payable to the Civil Service Pension Scheme (2022/23 – £2.592m) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The Scheme Actuary usually reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2023/24 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 £0.017m (2022/23 – £0.001m) were paid to one or more of the three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.8%.

11.7 Staffing and turnover

Staff turnover as of 31 March 2024 was 5.9% equating to 21.4 FTE (in 2022/23 it was 4.9% equating to 18.1 FTE).

Chart 11.7a: headcount percentage of permanent and fixed-term staff by pay range at end of Mar 2024
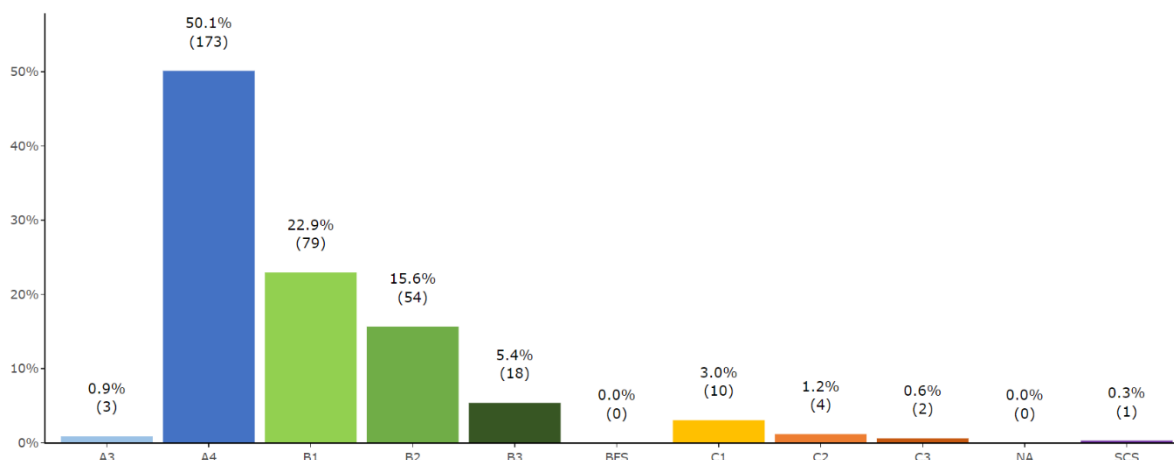
Chart 11.7b: headcount of permanent and fixed-term staff by pay range at end of Mar 2024

Pay Range	A3	A4	B1	B2	BFS	B3	C1	C2	C3	N/A	LT	SCS	ALL
SPPA total count	3	187	83	59	-	19	11	4	2	-	-	1	369
SPPA total %	0.9	50.1	22.9	15.6	-	5.4	3	1.2	0.6	-	-	0.3	100
SG Core equivalent %	3.5	4.3	12.7	19.6	0.7	24.8	19.8	9	1.3	1.7	0	2.7	100

11.8 Employee recruitment

Recruitment campaigns undertaken by the SPPA were carried out through fair and open competition, selection on merit and in accordance with the Scottish Government guidance and the Civil Service Commissioner's Recruitment Principles.

The summary below does not include posts filled on a temporary basis:

Band A vacancies: 16 Band A posts were filled, 14 through external recruitment reserve lists for 36-month contracts. Two filled through external recruitment for permanent posts.

Band B vacancies: 26 Band B posts were filled. one on a one-year FTA, six through external recruitment and 19 internally from SG and Other Government Departments.

Band C vacancies - five Band C posts were filled from external recruitment.

11.9 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 to effectively manage some persistent long-term absences. A review of the absence management process has taken place with improved procedures and monitoring implemented. There are training sessions scheduled to empower people managers to effectively manage absences.

The total average working days lost in 2023/24 was 9.4 per FTE (2022/23 – 8.4) compared to the SG figure of 8.2 per FTE (increase from 8.05 in 2022/23).

11.10 Diversity & Inclusion

As an Agency of the Scottish Government the SPPA aligns with the SG vision to be a diverse employer where people can be themselves at work. The aim is to ensure that all colleagues feel comfortable and valued, and free to contribute fully and to the best of their ability.

The SPPA feeds into the SG Equality Mainstreaming report[12] which is published every two years and actively contributes to the Scottish Government's strategic equality outcomes:

Outcome 1: Our workforce increases in diversity to reflect the general Scottish population by 2025.
Outcome 2: Foster an inclusive workforce culture and value the contribution of employees from all backgrounds.

The SPPA mandatory diversity objectives for colleagues were reviewed at the start of the last reporting year to better align to the SPPA values. All staff are required to have one objective related to diversity and inclusion. Our colleagues are encouraged to share diversity monitoring information via our e-HR system and inclusive culture training is mandatory for all staff. Our colleague passport explores a range of formal and informal workplace adjustments for those who have a condition (illness or disability) or another circumstance which impacts them at work.

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

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[12] Part 2 - Mainstreaming: Scottish Government As An Employer - Equality outcomes and mainstreaming: report 2021 - gov.scot (www.gov.scot)

career advancement with the SPPA is based solely on ability, qualifications, and suitability for the work.

Our e-HR system allows colleagues to record any disabilities. December 2023 diversity reporting compiled by the SG Corporate Analytical Services Team (CAST) showed that 14% of staff declared they had a disability, 82% stated they did not have a disability, whilst 4% preferred not to say. Our e-HR system allows colleagues to record any disabilities.

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

In 2023/24, there was no compensation (2022/23: no compensation) paid to a member of SPPA staff in respect of the efficiency dismissal notification.

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. When applicable, exit packages would be subject to audit.

There were no compulsory redundancies in 2023/24 or in the prior year.

11.12 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 the SPPA.

12 Parliamentary accountability report

12.1 Losses and special payments

There were 17 special payments totalling £16,838 and 0 losses incurred in the year to 31 March 2024 (31 March 2023: 13 totalling £13,406).

12.2 Fees and charges

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

12.3 Remote contingent liabilities

There were no remote contingent liabilities to report as at 31 March 2024 (Nil: 31 March 2023).

12.4 Gifts

No gifts were made or received during the year.

Signed

Stephen Pathirana

Stephen Pathirana
Chief Executive
09 December 2024

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

Reporting 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 2024 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the 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 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2024 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 2023/24 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 13th August 2024. My period of appointment is four years, covering 2023/24 to 2026/27. 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.

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.

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:

- using my understanding of the central government sector to identify that the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by

the Scottish Ministers are significant in the context of the body;

- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;

- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;

- discussions among my audit team on 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.

Reporting 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.

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 parts 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 parts of the Remuneration and Staff Report have 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 parts 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.

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 parts 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 108 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.

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

14 Financial Statements

STATEMENT OF COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2024

	Note	2023/24 £000	2022/23 £000
Staff Costs	2	19,553	16,540
Other Operating Costs	3	7,485	6,022
Depreciation	5,6	1,392	2,430
Total operating costs		**28,430**	**24,992**
Income	4	(312)	(227)
Net operating costs		**28,118**	**24,765**

Other comprehensive expenditure	Note	2023/24 £000	2022/23 £000
Net (Gain)/Loss on revaluation of Property, Plant and equipment	5	-	(343)
Total Comprehensive expenditure for the year		**28,118**	**24,422**

The above results relate to continuing activities.

STATEMENT OF FINANCIAL POSITION as at 31 March 2024

	Note	2023/24 £000	2022/23 £000
Non-Current assets			
Tangible non-current assets - Property, plant and equipment	5	5,805	5,358
Intangible Assets	6	2,914	1,624
Total non-current assets		**8,719**	**6,982**
Current Assets			
Trade Receivables and other current assets	7.1	31,703	45,271
Total current assets		**31,703**	**45,271**
Total Assets		**40,422**	**52,253**
Current Liabilities			
Trade and other payables	8.1	(17,229)	(15,522)
Provisions for liabilities and charges	9	(65)	(33)
Total Current Liabilities		**(17,294)**	**(15,555)**
Total assets less current liabilities		**23,128**	**36,698**
Non-Current Liabilities			
Non-Current Trade and other payables	8.3	-	(9)
Total non-current liabilities		**-**	**(9)**
Net Assets (liabilities)		**23,128**	**36,689**
Taxpayers' equity and other reserves			
General Fund		21,457	35,018
Revaluation Reserve		1,671	1,671
Total Taxpayers equity		**23,128**	**36,689**

The notes on pages 93 onwards form part of these financial statements.

Stephen Pathirana

Stephen Pathirana
Chief Executive
09 December 2024

STATEMENT OF CASH FLOWS for the year ended 31 March 2024

	Note	2023/24 £000	2022/23 £000
Cash flows from operating activities			
Net operating cost		(28,118)	(24,765)
Adjustments for non-cash transactions			
Depreciation	5,6	1,392	2,430
Notional costs for services provided	3	289	279
Movements in working capital			
(Increase)/decrease in trade and other receivables	7	13,568	(14,902)
Increase/(decrease) in trade and other payables	8	1,707	4,904
Increase/(decrease) in property, plant and equipment trade and other payables	8	0	0
Increase/(decrease) in intangible asset trade and other payables	8	0	0
Increase/(decrease) in provisions	9	32	33
Net cash outflow from operating activities		**(11,130)**	**(32,021)**
Cash flows from investing activities			
Purchase of tangible non-current assets	5	(876)	(287)
Increase/(decrease) in property, plant and equipment trade and other payables	8	0	0
Purchase of intangible assets	6	(2,253)	(389)
Increase/(decrease) in intangible asset trade and other payables	8	0	0
Net cash outflow from investing activities		**(3,129)**	**(676)**
Capital element of finance lease payments		(9)	0
Net funding – Agency		27,270	23,275
Net funding – pension payments on behalf of Scottish police and fire services		(13,002)	9,422
Total net financing		**14,259**	**32,697**
Increase/(decrease) in cash and cash equivalents		**0**	**0**

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY for the year ended 31 March 2024

Statement of changes in taxpayers' equity For the year ended 31 March 2024	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2023		**35,018**	**1,671**	**36,689**
Net gain on revaluation of tangible non-current assets	5	-	-	-
Non-cash charges - SCOTTISH GOVERNMENT services	3	115	-	115
Non-cash charges - Auditors remuneration	3	174	-	174
Net operating cost for the year		(28,118)	-	(28,118)
Net funding		14,268		14,268
Balance at 31 March 2024		**21,457**	**1,671**	**23,128**

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY for the year ended 31 March 2023

Statement of changes in taxpayers' equity For the year ended 31 March 2023	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2022		**26,807**	**1,328**	**28,135**
Net gain on revaluation of tangible non-current assets	5	-	343	343
Non-cash charges - SCOTTISH GOVERNMENT services	3	115	-	115
Non-cash charges - Auditors remuneration	3	164	-	164
Net operating cost for the year		(24,765)	-	(24,765)
Net funding		32,697	-	32,697
Balance at 31 March 2023		**35,018**	**1,671**	**36,689**

Notes to the Accounts

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2024/25 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 policies adopted by the Agency are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Critical accounting judgements and key sources of estimation

The preparation of these accounts requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. These assessments are based on historic and other factors that are believed to be reasonable, the results of which form the basis for making judgements. The estimates and underlying assumptions are reviewed on an ongoing basis. An independent revaluation of land and buildings is performed at a minimum of every 5 years and the estimates arising from the revaluation are applied in the annual accounts. The most recent revaluation took place in 2022/2023.

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 issued but not yet adopted

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 17 – insurance contracts

The International Accounting Standards Board (IASB) has issued IFRS 17 Insurance Contracts, which replaces IFRS 4 Insurance Contracts and is expected to be effective for accounting periods beginning on or after 1 January 2023, following an IASB decision to defer the effective date by one year. Mandatory adoption of IFRS 17 in central government is expected to be from financial year 2025-26 subject to the exposure draft consultation process with government entities and FRAB approval of the final application guidance. Some

interpretations and adaptations are likely to be necessary to fit IFRS 17 effectively to public sector conditions. IFRS 17 is not expected to have an impact on the accounts as there are currently no insurance contracts in place.

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.

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 2023 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	30 years (valuation as at 31 March 2023)
Furniture and fittings	3 to 20 years
Equipment	5 to 10 years
Information technology	3 to 7 years

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 two to five 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 into 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.'

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 Staff and Remuneration report). 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

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

- Police Pension Scheme (Scotland)
- Fire and Rescue Service Pension Scheme (Scotland)

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, IFRS 16 Leases applies for financial periods commencing on or after 1 April 2022. 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. Right-of-use assets and a lease liability are recognised at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The estimated useful lives are determined on the same basis as property and equipment.

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.

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 are 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 Scotland 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 Police Scotland 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 Police Scotland and SFRS pensions. Under current funding arrangements, Police Scotland and SFRS pensions paid to members are required to be reimbursed to the SPPA by Police Scotland and SFRS.

Amounts paid to HMRC by the SPPA relating to Police Scotland 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 Police Scotland 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 Police Scotland 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.

2. Staff numbers, costs, and pensions

A summary of staff costs is included in Table 2.1. More information is available in the Accountability Report.

Table 2.1: Administration costs

Administration costs	2023/24 £000	2022/23 £000
Wages and salaries	12,033	10,162
Social security costs	1,272	1,084
Other pension costs	3,164	2,614
Agency staff costs	3,084	2,681
Total administration staff costs	**19,553**	**16,540**

3. Other operating costs

	2023/24 £000	2022/23 £000
IT Maintenance	3,543	2,585
Actuarial Services	1,904	1,785
Professional & technical advisory services	395	338
Other minor running costs	296	121
Postage	238	163
Subscriptions	129	116
Training	104	143
Medical services	99	73
Compensation payments	17	15
Travel & Subsistence	12	10
Reform of Guaranteed Minimum Pension (GMP)	-	15
	6,737	**5,364**
Accommodation and support services		
Rates	139	128
Maintenance	69	48
Other accommodation costs	251	203
	459	**379**
Notional charges		
Services provided by the Scottish Government	115	115
Audit fee	174	164
	289	**279**
Other administration costs total	**7,485**	**6,022**

4 Operating income

	2023/24 £000	2022/23 £000
Pension sharing on divorce – charges to courts and solicitors	179	198
Pension calculation services for third parties	39	14
Rental income from subletting of office space	16	15
Interest Income	78	-
	312	**227**

5 Property, plant, and equipment

For the year ended 31-Mar-24 Cost or valuation	Land £0	Buildings £0	Information Technology £0	Equipment £0	Furniture and Fittings £0	Total £0
At 1 April 2023	**400**	**4,550**	**1,224**	**105**	**838**	**7,117**
Additions	-	37	402	376	61	876
Disposals	-	(43)	(759)	(77)	(574)	(1,453)
At 31 March 2024	**400**	**4,544**	**867**	**404**	**325**	**6,540**
Depreciation						
At 1 April 2023	**-**	**64**	**894**	**93**	**708**	**1,759**
Charged in year	-	158	188	36	47	429
Disposals	-	(43)	(759)	(77)	(574)	(1,453)
At 31 March 2024	**-**	**179**	**323**	**52**	**181**	**735**
NBV at 31 March 2024	400	4,365	544	352	144	5,805
NBV at 31 March 2023	400	4,486	330	12	130	5,358

For the year ended 31-Mar-2023	Land	Buildings	Information Technology	Equipment	Furniture and Fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000
At 1 April 2022	**461**	**4,929**	**1,014**	**105**	**780**	**7,289**
Additions	-	19	210	-	58	287
Revaluations	(61)	(398)	-	-	-	(459)
At 31 March 2023	**400**	**4,550**	**1,224**	**105**	**838**	**7,117**
Depreciation						
At 1 April 2022	-	637	719	86	672	2,114
Charged in year	-	228	175	7	36	446
Revaluations	-	(801)	-	-	-	(801)
At 31 March 2023	**-**	**64**	**894**	**93**	**708**	**1,759**
NBV at 31 March 2023	400	4,486	330	12	130	5,358

6 Intangible assets

For the year ended 31 March 2024	Software Licences	IT	Assets Under Development	Total
Cost or valuation	**£000**	**£000**	**£000**	**£000**
At 1 April 2023	**3,324**	**12,479**	**312**	**16,115**
Additions	28	481	1,744	2,253
Disposals	(3,324)	(12,108)	-	(15,432)
At 31 March 2024	**28**	**852**	**2,056**	**2,936**
Amortisation				
At 1 April 2023	**3,015**	**11,476**	**-**	**14.491**
Charged in year	309	654	-	963
Disposals	(3,324)	(12,108)	-	(15,432)
At 31 March 2024	**-**	**22**		**22**
NBV at 31 March 2024	28	830	2,056	2,914
NBV at 31 March 2023	309	1,003	312	1,624

For the year ended 31 March 2023	Software Licences	IT	Assets Under Development	Total
Cost or valuation	**£000**	**£000**	**£000**	**£000**
At 1 April 2022	**3,324**	**12,402**	**-**	**15,726**
Additions	-	77	312	389
At 31 March 2023	**3,324**	**12,479**	**312**	**16,115**
Amortisation				
At 1 April 2022	2,319	10,188	-	12,507
Charged in year	696	1,288	-	1,984
At 31 March 2023	**3,015**	**11,476**	**-**	**14,491**
NBV at 31 March 2023	**309**	**1,003**	**312**	**1,624**

7 Trade receivables and other current assets

7.1 Amounts falling due within one year	2023/24 £000	2022/23 £000
Trade receivables	(39)	(30)
Prepayments and accrued income	667	1,969
Cash in transit	(263)	(259)
Other receivables*	31,338	43,591
Total receivable within one year	**31,703**	**45,271**

7.2 Intra-government balances	2023/24 £000	2022/23 £000
Balances with other central government bodies	-	7,873
Balances with local authorities and health boards	31,338	35,718
Balances with bodies external to government	365	1,680
Total receivable within one year	**31,703**	**45,271**

*Other receivables relate to the payment of pensions on behalf of Police Scotland and Scottish Fire and Rescue Service as well as a prepayment of £20,649m in respect of payrolls relating to Police Scotland and Scottish Fire and Rescue Service.

8 Trade payables and other current liabilities

8.1 Amounts falling due within one year	2023/24 £000	2022/23 £000
Trade payables	90	60
Accruals and deferred income	1,720	791
Taxation and social security*	15,394	14,655
Other payables	21	11
Finance lease	5	5
Total due within one year	**17,229**	**15,522**

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

8.2 Intra-government balances falling due within one year	2023/24 £000	2022/23 £000
Balances with other central government bodies	15,393	14,655
Balances with bodies external to government	1,836	867
Total due within one year	**17,229**	**15,522**

8.3 Amounts falling due after more than one year	2023/24 £000	2022/23 £000
Finance lease	-	9
Total due after one year	**-**	**9**

8.4 Intra-government balances falling due after more than one year	2023/24 £000	2022/23 £000
Balances with bodies external to government	-	9
Total due after one year	**-**	**9**

9   Provisions for liabilities and charges

	2023/24 £000	2022/23 £000
Provision at 1 April	33	0
Provided in the year	32	33
Balance as at 31 March	**65**	**33**
Analysis of expected timing of any resulting outflows of economic benefits		
Payable in 1 year	65	33
Total as at 31 March	**65**	**33**

NHS Scotland Pension Scheme and Scottish Teachers' Superannuation Scheme

There are no provisions at 31 March 2024 relating to scheme member compensation claims (£2,000 as at 31 March 2023).

10   Capital commitments

Capital commitments at 31 March 2024 not otherwise included in these accounts.

	2023/24	2022/23
	£000	£000
Property, plant, and equipment		
Contracted capital commitments for which no provision has been made	-	**1,135**
Intangible Assets		
Contracted capital commitments for which no provision has been made	**-**	**-**

11 Commitments under leases

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

Obligations under leases comprise:	2023/24	2022/23
	£000	£000
Office Equipment		
Not later than one year	5	6
Later than one year and not later than five years	-	5
Less interest element	-	(2)
	5	**9**

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 several material transactions with the Scottish Government.
- Included in the balances are amounts related to the Police and Fire pension schemes, which are regarded as related parties.
- During the year, none of the Board Members, key managerial staff or other related parties has undertaken any material transactions with the SPPA.
- SPPA performs administration functions on behalf of Scottish Legal Aid Board and Scottish Parliamentary Pension Scheme, which are regarded as related parties

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 (£Nil at 31 March 2023).

14   Events after the reporting date

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.

Signed by the authority of the Scottish Ministers

17 January 2006

Serving those who serve Scotland

SPPA

Scottish Public
Pensions Agency

Buidheann Peinnseanan
Poblach na h-Alba