

CORPORATE PLAN

2012-13
2013-14
2014-15

1. Introduction

This Corporate Plan identifies the main strategic challenges facing the Agency over the next three years, and sets out its key performance targets for that period. Although the plan is specific to SPPA, it also supports the delivery of the objectives set out within the Scottish Government's National Performance Framework and its Business Strategy.

The Corporate Plan complements the Agency's Framework Document, which sets out the governance arrangements for the Agency and its accountabilities to Scottish Ministers and the Scottish Parliament. Both the Corporate Plan and the Framework Document are agreed with Scottish Ministers once every three years and updated as necessary. They form an important part of the corporate governance arrangements for the Agency and sit alongside other planning documentation including:

- The Agency Annual Business Plan, which sets out its priority tasks for the year, and the resources allocated to deliver them
- The Agency Risk Register which is included within the Agency's annual Business Plan, which sets out the main risk facing the Agency and the measures for controlling them
- Directorate Business Plans which provide more detailed task listings and risk registers for each of the Agency's four main functional areas – Operations, Corporate Services, Finance and Policy, Strategy and Development

Both the Corporate Plan and the Annual Business Plans need to be sufficiently flexible to allow the Agency to adapt to changing circumstances arising over the plan period. Both sets of plans will therefore be regularly reviewed both to monitor progress and to ensure that they remain as "living" documents.

2. Agency Role

The Scottish Public Pensions Agency (SPPA) is a national centre of expertise for the administration of public sector pensions and the provision of policy advice.

3. Aim

SPPA aims to deliver a high quality, customer focussed, responsive and cost-effective service.

4. Core Values

SPPA's core values are:

- to put our customers first
- to support our staff to work creatively to deliver excellence
- to maintain the highest standards of honesty, integrity and accountability whilst using our resources efficiently and effectively
- to deliver continuous improvement by embracing change

5. Context

The SPPA is a successful, confident, knowledgeable and flexible organisation which has consistently risen to any number of challenges in recent years. A range of evidence including our annual customer survey results, our annual independent benchmarking review and our annual assessment by Investors in People Scotland all demonstrate that the Agency's foundations are deep and strong. By embracing change and seeking innovative approaches to service delivery issues, we have consistently and continuously improved the planning, delivery and governance of our business over many years.

Nevertheless, this Corporate Plan is set within the context of the most challenging business environment for decades. The Agency will undoubtedly be stretched to its limit during this period. Its budget for delivering its core pension administration activities has effectively been frozen at 2010-11 levels until 31 March 2015. During this period, operational caseloads are expected to increase by approximately 8% per annum as a result of increases in longevity and workforce changes within the NHS and teaching professions. The Agency therefore faces significant challenges in order to simply maintain, let alone improve, the quality and effectiveness of its core pensions administration service.

This task is made even more challenging by the scale and ambition of the Government's pension reform agenda. Although the exact nature of that agenda is unclear at the time of writing, it is likely that it will entail the development of the most significant reforms for the past 50 years to public sector pensions. Those reforms will go beyond simply tweaking scheme benefits and are likely to involve a fundamental redesign of the way in which schemes are structured, financed and governed.

Establishing a policy consensus on pension reform will be extremely challenging. The task of turning the resultant policy decisions into clear business processes and ensuring that our IT systems and business processes are developed to deliver them will also prove stretching. The Agency is clear that it is likely to require at least 2 full years to operationalise any policy decisions regarding the new pension schemes – possibly

longer if those reforms turn out to be substantially different from those developed elsewhere in the UK. Although the Agency has been allocated some additional resources to address these changes, the extent to which those resources are likely to be sufficient will need to be kept under constant review.

These changes also take place against a context of other radical workforce reforms across some of the sectors for which SPPA has either a policy or operational responsibility; significant changes within the Scottish Government as it adjusts to a reduced workforce; and the prospect of constitutional uncertainty in the lead up to a referendum on independence for the people of Scotland. All of these issues are likely to impact on the Agency through the creation of both new opportunities and new threats. It is possible that workforce reforms will create new opportunities for the provision of additional pension administration services. It is also likely that the Agency will be drawn into aspects of work associated with potential constitutional change. The extent to which the Agency is able to support such endeavour within its current financial and knowledge base and the extent to which it can manage the expectations of others in handling these tasks is unclear at this stage. We will, therefore, need to manage the risks associated with these uncertainties extremely carefully throughout the period of the Corporate Plan period.

6. Key tasks and challenges 2012 to 2015

It is against this context that the Agency has identified a number of specific tasks and challenges which span the duration of the Corporate Plan period. These are:

- Maintaining the quality and effectiveness of our core pensions administration tasks over the entire corporate plan period, against a context of significant caseload growth
- Developing and securing agreement to both short and long term pension reforms, including those relating to scheme governance, by the end of 2012-13
- Operationalising the outcome those reforms by developing new IT functionality and business processes during 2013-14 and 2014-15
- Ensuring that scheme members are informed in the choices they face and how they are affected by the new schemes
- Expanding the range of web based services provided for employers, members and pensioners alike
- Reviewing and streamlining our various corporate business strategies to ensure they remain fit for purpose
- Exploring the opportunities to administer other public sector pension schemes beyond those which we already administer
- Delivering further improvements to the effectiveness of the Agency's corporate governance and financial management arrangements so that it can provide evidenced assurances about the integrity of its data and its administrative and financial processes

- Reducing business risks further by enhancing our business processes, IT systems, skills development, leadership and succession planning arrangements
- Improving external and internal communications so that we can extend our corporate knowledge and pass the benefits of this on to our customers
- Developing our interaction with the Scottish Government so that we can maximise our contribution to their strategic objectives and so that they can further improve the ways in which the Agency is supported
- Securing a solid financial future for the Agency beyond the end of the current spending review period in March 2015

7. Alignment with Scottish Government Strategic Objectives and Outcomes

Through our work we directly contribute to strategic objective 1 of the Scottish Government - wealthier and fairer. We also indirectly contribute to strategic objective 2 - healthier; and strategic objective 4 - smarter.

We contribute directly to National Outcome 15 of the Scottish Government (“our public services are high quality, continually improving, efficient and responsive to local people’s needs”). Through our role in administering the Scottish NHS and Teachers pension schemes, and the role that these schemes play in supporting workforce recruitment and retention within these sectors, we also indirectly contribute to national outcome 3 (“we are better educated”); and national outcome 6 (“we live longer, healthier lives”).

8. Alignment with Scottish Government Business Strategy

We also aim to contribute to the achievement of the Scottish Government’s Business Strategy objectives by:

- Ensuring that strategic policy choices on public pensions issues are underpinned by high quality evidence and analysis
- Ensuring that our business practices remain efficient and effective and are underpinned by best value principles
- Encouraging and developing innovation in our work

9. Key Stakeholders

The Agency’s main stakeholders are:

- Approximately 315,000 scheme members (full and preserved)
- Approximately 140,000 scheme beneficiaries
- Approximately 1200 employing organisations

- Scottish Ministers and the Scottish Parliament
- The Scottish Government
- HM Treasury
- HMRC
- UK public pension authorities
- Our suppliers and contractors

10. Key Business Themes for 2012-13 to 2014-15

The Agency's work over the next three years will be characterised by the following five themes:

1. **Managing Change** - through the development ,agreement and operationalisation of the pension reform agenda.
2. **Maintaining service quality** - we will maintain (and where possible improve) service standards against the context of reduced resources for our core business, increased workloads and a substantive business change agenda arising from pension reform.
3. **Improving organisational efficiency** - we will continue to explore the scope for improving our organisational efficiency, including acquiring additional pension administration responsibilities.
4. **Expanding organisational knowledge, capability and leadership** - we will continue to develop our knowledge and understanding and develop leadership capabilities and technical expertise at all levels in the organisation
5. **Delivering good governance and regulatory compliance** - by complying with our statutory obligations and by managing resources and risk.

11. Key Performance Outcomes 2012 - 2015

The following key performance outcomes have been agreed with Scottish Ministers for the duration of the Corporate Plan period. These reflect the key business themes set out in Section 10. A series of more detailed performance targets for each of the Agency's main business areas can be found in the 2012-13 Agency Business Plan.

Our key performance outcomes for the period from 1 April 2012 to 31 March 2015 are to:

1. Pay 100% of all existing NHS and STSS pensions on the due date.
2. Pay 98% of new awards within one month of the due date.
3. Ensure that a minimum of 99.0% of all existing payments by number are correct at the point of payment.
4. Ensure that a minimum of 95% of all pension awards are correct at the point of authorisation.
5. Collect 96% of NHS and STSS contributions by value within the period prescribed by legislation.
6. Ensure that up to date and accurate data is held for a minimum of 95% of active scheme members.
7. Ensure that accurate annual benefit statements are accessible for at least 98% of active scheme members for whom accurate data is held.
8. Conclude pension reform policy activities within agreed timetables.
9. Implement pension reform operational activities within agreed timetables.
10. Meet requirements for corporate governance reporting and organisational efficiency within prescribed deadlines.
11. Maintain and where possible improve customer satisfaction levels based on a 3 year rolling average
12. Deliver agreed improvements to financial contributions and debt management processes over the corporate plan period

12. Key Milestones

The following table identifies some of the key milestones likely to be faced by the Agency over the Corporate Plan period. At the time of writing there is more certainty about the nature of those milestones during year 1 of the plan compared to years 2 and 3. The Agency will therefore regularly review its progress against these milestones over the period covered by the Corporate Plan.

Year	Managing Change	Maintaining service quality	Improving organisational efficiency	Expanding organisational knowledge, capability and leadership	Delivering good governance and compliance
2012-13	Agree pension reform policy changes with key stakeholders	Undertake review of IT system issues	Implement annual programme of IT improvements	Review and refresh corporate HR strategy and delivery plans	Respond to new UK Government Legislation on pensions scheme governance
	Continue the implementation of the Operations structural review	Complete initial options analysis for post 2015 IT requirements	Deliver further improvements to contribution collection and debt recovery systems	Maintain commitment to Retirement Provision Certificate and technical training	Develop and commence delivery of business improvement programme for Finance activities
	Complete Review of Finance Directorate structure and skills	Develop programme for proactive management of preserved customer records	Implement web services project	Review Leadership development programme and consider scope for expansion to B1 and A band staff	Carry out checks (working with GAD) on member data for valuation and account purposes
	Introduce the pension reforms for Taxation and Auto Enrolment	Review of Club Together initiative	Pursue business efficiencies via continuous improvement activities in Operations	Review and refresh communications strategy and implementation plan	
		Introduce "termination" functionality on Resourcelink			
		Develop a framework for member communication on pension reform proposals			
2013-14	Begin to develop specifications for pension IT system to reflect reforms	Introduce new web service functionality	Review of ATOS contract	Preparation of pension reform training material and other associated tasks	Carry out checks (working with GAD) on member data for valuation and account purposes

Year	Managing Change	Maintaining service quality	Improving organisational efficiency	Expanding organisational knowledge, capability and leadership	Delivering good governance and compliance
2013-14	Introduce HMRC RTI	Deliver member communications to reflect pension reforms	Review of GAD contract	Review of progress against People Strategy objectives	Further improvements of Finance business processes
	Introduce change to Injury Benefits		Commence implementation of decision on IT system needs		Convene implementation of new governance arrangements required by UK legislation
			Pursue business efficiencies via continuous improvement activity in Operations		Implement SSIs for reforms of the main five pension schemes
			Decision on scope for extending the Operations structural review to include awards		
2014-15	Prepare bid for 2014 Spending Review and plan for implementation of outcome	Ensure Pension Administration and Payroll IT system changes are completed by end of year	Pursue business efficiencies via continuous improvement activity in Operations	Delivery of training material and other associated tasks	Carry out checks (working with GAD) on member data for valuation and account purposes
	Complete testing and Implementation of Operational aspects of Pension Reform by end of year				Scheme valuations – subject to decisions by HMT
	Consideration of any member “choice” exercise				
	Review of all pension administration SLAs				

13. Financial Allocation (£'000)*

	2012-13	2013-15	2014-15
Revenue	9310	9710	10470
Capital	450	1050	1110
Depreciation	2230	2230	2230
Total	11990	12990	13810

14. Staffing*

The anticipated f.t.e staffing complement for the Agency is

2012-13	2013-14	2014-15
244	252	277

The increase in the staffing complement reflects the need for the Agency to implement the pension reform agenda by April 2015.

* as at September 2011 and subject to review on the basis of developing business needs