

**MINUTES OF MEETING OF THE SPPA CORPORATE BOARD
MONDAY 31 OCTOBER 2016**

Present:

Sheena Cowan	Chair
Stuart Smith	Non-Executive Director
Gillian Thompson	Non-Executive Director
Alastair Brown	Director of Financial Strategy
George Brechin	Chairman of the Scottish Teachers' Pension Board
Allan Martin	Chairman of the Scottish Firefighters' Pension Board
Tim McKay	Chairman of the NHS Scotland Pension Board
Charles Winstanley	Chairman of the Scottish Police Pension Board
Ross Paterson	Head of Financial Services Review
Chad Dawtry	Acting Chief Executive
Eleanor Guthrie	Director of Operations
Ian Waugh	Director of Finance
Sally Patterson	Head of People Services
Lorimer Mackenzie	Deputy Director of Policy
Brian Currie	Programme Director

Apologies: Marion Chapman

Minutes: Molly Wyllie

1. Introduction/Register of interests (oral)

1.1 Mrs Cowan welcomed Alastair Brown, Director of Financial Strategy, the Chairs of the Pension Boards and two recently appointed Non-Executive Directors, Gillian Thompson and Stuart Smith. Mrs Cowan advised that Sally Patterson was standing in for Marion Chapman. Mrs Cowan confirmed that Chad Dawtry was currently acting Chief Executive of SPPA, but Ross Paterson was also in attendance.

1.2 No amendments noted for the Register of Interests.

1.3 Mrs Cowan advised that there would be a change to the running order of the published agenda and that item 7 would be exchanged with item 4.

2. Minutes of previous meeting/matters arising (03.01/CB)

2.1 The minutes of the previous meeting were accepted with two minor changes eg: roles to be amended and a spelling error to be corrected.

2.2 The actions from the previous meeting were discussed and cleared. Mrs Cowan also noted the change of name to Strategic Leadership Team, Keith Nicholson, Interim Head of Security had left and a permanent replacement now in post, the Corporate Plan to be circulated.

3. Report of last Audit and Risk Committee Meeting

3.1 Mrs Cowan advised that the report from the Audit and Risk Committee meeting held on 17 October 2016 had been circulated and that the Accounts were approved and signed at the Extraordinary Corporate Board Meeting held on the same day.

7. Business Planning 2017-18

7.1 Mr Dawtry advised that the current Business Plan will be the first of a three year plan, however, funding is for next year only.

The basis for the plan is foundation and transition which is covered under the One SPPA programme, focussing on key tasks. Mr Dawtry advised that Annex A focusses on People. Tables 3 and 4 show the compliment for this year. This shows staff moved from business as usual (BAU) to Project work. Staff costs are capitalised but will return to BAU following completion of Project 17.

Mr Dawtry advised that 21 A4 posts have been created within Operations. Additional staff are now in post within Corporate Services to take account of work related to the People Strategy and People Services.

Mr Dawtry asked the Board to note that there will be no recruitment until the 2017-18 budget is known. Uncertainty remains around FTA and MAP staff.

Mr McKay asked if there are any constraints on Capital Budget to capitalise staff costs next year. Mr Dawtry advised that there are stringent rules around doing this. Mr Paterson added that SPPA will know more about the impact on budget by December. Mr Brown advised that Mr McKay, Cabinet Secretary for Finance and Constitution will publish the budget figures on 15 December 2016. Mr Smith asked in terms of the Business Plan, whether SPPA are confident that the key tasks will be met. Mr Dawtry confirmed this would be the case, with the exception of Project 17.

Mr Brechin asked if key task 24 should be worded in such a way that it made it clear that the Agency will deliver the Financial Budget within its limits. Mr Dawtry agreed to update the narrative.

AP: Mr Dawtry to amend key task 24 as above

7.2 Mr Dawtry advised that a Risk Governance Team was now in place and were looking at the issue of risk across the Agency.

Mr Waugh advised that Dr Keith Nicholson, Interim Head of Security, had also been involved in looking at the Corporate and Pension Board Risk Registers. Dr Nicholson had advised that it would be efficient to standardise all registers.

Mrs Cowan asked if this took account of risk appetite. Mr Dawtry confirmed that the Group are working on this. Mr Waugh advised that the first drafts had been shared with the Audit and Risk Committee and will be shared with the Board.

AP: Mr Waugh to share draft risk register/s with the Board

Mr Smith suggested that a Risk Movement column be added to the template to show previous versions.

AP: Mr Waugh to add Risk Movement column to risk register template

Mr Brechin stated that the definition of Risk 3 should be amended as the risk is not about providing annual statements, but more about missing the regulatory requirement set out by the Pension Regulator. Mr Dawtry advised that this was covered in Risk 9 but agreed to consider this suggestion.

Mr MacKay asked if elements of this will be included in the Pension Board Risk Registers. Mrs Guthrie advised that this was the case.

5. Mid-year Agency update

5.1 Mr Dawtry advised that details of the Annual Benefit Statements exercise was provided in the Progress Report. This showed that the Police Pension Scheme had achieved the highest performance, but no scheme had achieved 100%. Mr Dawtry advised that a report would go to the Pension Regulator detailing the outcome of the exercise.

Mrs Guthrie advised that she is a member of the Treasury Group who are looking at Data Quality across all schemes.

Mrs Cowan stated that timeliness is an issue, but was concerned about the quality of the statements issued. Mr Guthrie advised that it was not yet clear whether there was an issue with quality. The Agency are conducting a Lessons Learned exercise to seek improvements. Mr Winstanley asked, where there have been issues, if there is a plan to go back to members with revised statements. Mrs Guthrie advised that where a revision is required, members will receive a new statement.

Mrs Cowan asked if the Agency was engaging with employers. Mrs Guthrie advised that the Employer Data Management system had been introduced to improve the quality of data received from employers. The Agency intends to write to employers to advise them of their performance. Mr Dawtry advised that the Agency can report employers to the Pension Regulator, but that this would be in exceptional circumstances.

Mr Brechin commented that the move to delivering annual statements by 31 August was at a peak time for Teachers' retirements. Mrs Guthrie will raise this with the Treasury Group. Mr McKay asked if SPPA are aware of other schemes in a similar position. Mrs Guthrie advised that this was not discussed at the initial meeting.

5.2 Mrs Guthrie advised that the review group for Data Quality Improvement are looking at cases where data is missing. It is anticipated that this will result in data cleansing work. The Agency also intend undertaking a validation exercise.

5.3 Mr Dawtry advised that the Customer Contact Team (CCT) will act as triage to answer enquiries. The timescale for implementation is tight, in that it is planned for

January 2017, however, this may be adjusted. It is intended that this will be a 'soft' launch and that no communications will be issued to members. Mr Dawtry also advised that there are sensitivities around this change and SLT are working with the TU side to ensure clear understanding of the roles involved.

5.3 Mr Dawtry advised that work is underway for scheme valuations.

5.4 Mr Dawtry advised that scheme managers will be responsible for indexation of GMP from December 2018. SPPA and HMRC will be required to reconcile member records and that this will result in a significant project for the Agency. Mr Winstanley asked if this will be impacted by missing data. Mrs Guthrie advised that it will be necessary to ensure that SPPA and HMRC data matches. Mr Dawtry advised that there is potential to outsource this work, but that this requires further analysis. Mrs Cowan asked that the Board be provided with information about this project.

Mr Smith asked if there will be an opportunity for compensation. Mr Brechin expressed concern about the tolerance levels involved. Mr Paterson assured the Board that SPPA are committed to providing members accurate pensions and that Pension Boards will be provided with information about the plans for this exercise.

5.5 Mr Dawtry advised that the IDRPs review is yet to be concluded. This involves moving from a two tier process to a one step process.

5.6 Mrs Patterson advised that the revised People Strategy was launched on 26 October 2016. This had included a short presentation to staff. Approximately 240 staff attended these sessions and in the main, feedback was positive. In addition, new intranet pages were also launched, and 220 visits were made on the first day, which is encouraging. Mrs Cowan stated that it was clear that the new Strategy supports the work being done under One SPPA. Mrs Patterson confirmed this and stated that it also takes account of SG2020 and staff survey results. Mr Dawtry advised that staff have also attended training courses including, Cultures and Behaviours and Diversity. Mrs Cowan asked if SPPA get support from SG. Mrs Patterson confirmed that this was the case, and that her role had been moved to Head of People Services to oversee all of this work. Mrs Patterson advised that 280 staff had attended a recent Core Skills event. The feedback from this event has identified quick wins and these will be moved forward.

5.7 Mr Dawtry advised that the Business Continuity Plan test has been undertaken.

6.a) Project 2017

Mr Currie explained the background to the Project. Mr Currie advised that the core infrastructure is in place, data for schemes has been transferred to the new system and testing undertaken. Payroll data has been transferred and was in the process of being validated. User Acceptance Testing is underway.

The Board discussed the actions and risks associated with the Project.

6.b) People Strategy

Mr Paterson advised that the Strategic Leadership Team are fully supporting the People Strategy. Mr Martin asked if the Investors in People team select their own staff to interview SPPA employees. Mrs Patterson confirmed that an independent Assessor will be involved.

6.c) One SPPA Re-plan

Mr Paterson advised that changes to the structure and organisation of the Agency are required in relation to the new pension administration system. This is being looked at separately and more detail will be provided next year.

6.d) Scheme Governance Review

Mr Mackenzie advised that the Governance Review team have been in touch with Pension Board Chairs and that questionnaires have been issued and returned. Mr Mackenzie advised that a presentation will be delivered to the Scheme Advisory Boards and will be discussed with Pension Boards before being submitted to Scottish Ministers.

4. Finance Update

Mr Waugh advised that the Agency budget must be sustainable and that other portfolios, such as Health, Education and Local Government, continue to support their contributions. The deadline for the draft budget for 2017-18 was 17 August and further submissions were due by 11 November. Mr Waugh thanked everyone for their help getting the Accounts signed off.

4.a) and d) The Board discussed the Agency running costs.

4.b) Mr Waugh advised that SPPA had secured savings on Capital and the Agency will flag any elements that may be handed back to SG.

4.c) Mr Waugh advised that the Agency is on course to achieve a balanced position for Schemes.

9. AOB

Mr Martin asked if Police and Firefighter schemes also had Accounts. Mr Waugh advised that SPPA do not cover this aspect of administration for these schemes. Mr Brown confirmed these are included in the SG accounts.

No other business was declared. Mrs Cowan thanked everyone for their attendance and closed the meeting.

Summary of Actions

Number	Para	Action	Action Officer
1	7.1	Mr Dawtry to amend key task 24 to state that the Agency will deliver the Financial Budget within its limits	CD
2	7.2	Mr Waugh to share draft risk register/s with the Corp Board	IW
3	7.2	Mr Waugh to add Risk Movement column to risk register template	IW