

MINUTES OF MEETING OF THE SPPA MANAGEMENT ADVISORY BOARD FRIDAY 5 MAY 2017

Present:

Gillian Thompson	Chair
Stuart Smith	Non-Executive Director
Sheena Cowan	Non-Executive Director
Liz Holmes	Non-Executive Director
Eleanor Emberson	Director of Financial Strategy
Chad Dawtry	Interim Chief Executive
Eleanor Guthrie	Director of Operations
Ian Waugh	Director of Finance
Lorimer Mackenzie	Director of Policy
Gordon Swan	Deputy Director of Corporate Services
Tony Bayliss	Programme Director
George Brechin	Chairman of the Scottish Teachers' Pension Board
Charles Winstanley	Chairman of the Scottish Police Pension Board

Apologies: Marion Chapman, Tim Mckay, Allan Martin

Minutes: Molly Wyllie

1. Welcome and apologies

1.1 Mrs Thompson welcomed everyone to the meeting. The following members introduced themselves to the Board:

- Tony Bayliss, who has joined SPPA as Programme Director, replacing Brian Currie
- George Brechin, Chair of the Teachers Pension Board
- Charles Winstanley, Chair of the Police Pension Board
- Eleanor Emberson, Director, Financial Strategy, replacing Alistair Brown
- Liz Holmes, non-executive director, joining the Board from 1 April 2017

1.2 Mrs Thompson thanked Mrs Cowan for acting as interim chair and asked the Board to note the following changes:

- Mrs Thompson is now Chair of the re-named Management Advisory Board (MAB) (see 1.3 below), with non-executive director members Stuart Smith, Sheena Cowan and Liz Holmes
- Ross Paterson left the Agency at end March
- Chad Dawtry is Interim Chief Executive
- Tim Mckay has resigned as Chair of the NHS Pension Board

1.3 The Board has no fiduciary responsibilities and its role is advisory, therefore the Corporate Board has been re-named Management Advisory Board. Mrs Thompson advised that non-executive directors had recently been invited to attend a meeting for non-executive members which included information about the revised publication [‘On Board’ A Guide for Members of Statutory Board.](#)

AP1: issue link to 'On Board' to Mr Brechin

1a) Declaration of Interests

No amendments noted for the Register of Interests. Declaration of Interest forms to be issued annually non-executive directors.

AP2: issue Declaration of Interest forms to non-executive directors who have not signed within the last year

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

2.1 The minutes of the previous meeting on 31 October 2016 were accepted with two minor changes i.e Gordon Swan to be removed from the list of attendees and spelling errors to be corrected.

2.2 The actions from the previous meeting were discussed and cleared.

2.3 The minutes of the Extraordinary Corporate Board meeting on 2 February 2017 were discussed and agreed. Comment was also made regarding the publication of these minutes and it was agreed that this was in line with SPPA Publication Scheme.

3. Verbal report of last Audit and Risk Committee (ARC) Meeting held 5 May 2017

3.1 Mr Smith advised that this was Mrs Cowan's first official meeting as member of ARC. Stuart Dickson as Senior Audit Manager, Internal Audit and David Reay Auditor have also joined ARC. Tony Bayliss attended the meeting as SPPA Programme Director, replacing Brian Currie.

3.2 Mr Smith advised that a presentation regarding Cyber Crime is scheduled for ARC, however, anyone from the MAB who would like to attend is welcome. Mr Brechin commented that there is also a need to remind staff. Mr Dawtry confirmed that mandatory training for staff is already in place. It was agreed that measures already in place be summarised, followed by a gap analysis which can be presented to the Board.

AP3: Summarise measures in place to ensure staff awareness regarding security to support gap analysis and present to the Board

3.3 Mr Smith advised other points discussed included; Agency and Scheme budget, NFI, in-year budget transfer remains a risk, Project 17, Risk Governance Group, Governance self-assessment for ARC and MAB (details to be confirmed).

4. Agency 2016-17 Year End Report

4.1 Mr Dawtry apologised for the delay in providing the End-year Report. Mr Dawtry explained that the report is an illustration of the outcomes achieved and will be used

to populate the Annual Report and Accounts. It was agreed that Directors give the Board a brief outline of their contribution to the report:

4.2 Policy – Mr Mackenzie advised that work over the last year had been mainly business as usual. In addition, the team have supported the Scheme Advisory Boards and have undertaken the Governance Review. Stakeholder engagement has included working with MOCOP and also with departments across SG and the wider pensions landscape.

Work continues on the detail of key task 21 (Confirm application of New Fair Deal policy in Scotland). Proposals to be complete for key task 22 (IDRP Review). Mrs Cowan asked why key task 22 is linked to Project 17. Mr Mackenzie advised that this was a system enhancement to track cases. Mr Dawtry stated that Pension Boards and Unions will be involved in the review with a view to ensuring service remains unaffected by the move to a one stage dispute procedure.

4.3 Operations – Mrs Guthrie advised that Operations have 25 agreed KPIs and report exceptions on a monthly basis. A review was undertaken during the year which amended KPIs to meet legislative requirements. Targets around transfers have been missed. This is mainly caused by 3rd party delays.

Mrs Guthrie advised that 214,000 annual benefit statements have been issued which is an increase on the previous year. Mr Brechin commented that the statutory date for issue of annual statements is 31 August, however, HMRC have a deadline of 6 July for Annual Allowance and this causes a conflict for the agency. Mr Brechin added that the MAB need to be aware that it will be some time before the agency will meet the Pension Regulators deadline. Mrs Thompson asked if this issue is included in the Risk Register. Mr Dawtry confirmed that this is the case. Mr Smith advised that this was one of the areas recommended for review at the ARC. Mrs Guthrie advised that there is a range of actions that can be taken around missing or late data and that this is discussed with employers at the Technical Working Group quarterly meetings. Mrs Thompson asked if more information about this can be provided at the next board meeting.

AP4: Provide more information regarding actions to resolve missing or late data submissions from employers

Mrs Cowan commented that there had been an increase in overtime worked. Mr Dawtry advised that this was necessary to support areas where staff have been moved to Project 17 work and user acceptance testing.

4.4 Mrs Cowan noted that there was confusion regarding the figures provided on page 2 of the report related to pension numbers paid and pension amount paid. This will be amended.

AP5: amend figures on page 2 of the end year report relating to Pensions – numbers paid and Pensions – amount paid

4.5 Corporate Services - Mr Swan advised that there are 8 separate roles across Corporate Services. Some of the work on-going includes the re-launch of People

Services and the related Nine Point Plan. The Staff Survey was concluded in October 2016 and results published on the agency intranet.

The agency has retained the Gold Standard Investors in People accreditation. However, it should be noted that the standards will be changed this year and staff are working with Investors in People in relation to this.

Mr Winstanley asked if there is a summary of progress against the Nine Point Plan for the MAB. Mr Swan advised that a number of training events have taken place, including: managing absence, flexible working hours, HR drop in sessions, staff newsletter. In addition, senior managers have taken part in a 360° feedback exercise and have discussed the outcomes. Follow up sessions are planned.

4.6 Business Change – Mr Dawtry advised that Mrs Brown is now the Head of Business Transformation. Mrs Brown advised that key tasks 13 (GMP reconciliation) and 16 (Customer Contact Team) are now part of her remit and that she will pick up related Project 17 tasks when a date is known.

4.7 Finance – Mr Waugh advised that signing off the two schemes' Annual Report and Accounts will take place in September. Mr Waugh advised that paragraph 34 of the end year report provides the background to the timetable and decisions required.

4.8 Non-executive director appointments had been made during the year. There had also been a rotation of internal and external auditors and inductions had been held for the auditors and new Non-Executive members.

4.9 Mr Waugh also advised that the Agency had taken part in the National Fraud Initiative and that the initial outcomes had been reported to ARC. Over a 1000 Data Sharing Agreements has also been sent out during the year which strengthened controls in this area.

4.10 A review of risk had generated a number of tasks one of which was the setting up of a Risk Governance Group which is now in place.

5. Agency 2016-17 Finance update

5a. Agency operating costs

Mr Waugh thanked the Finance Team for managing the budget over the last year. Mr Waugh reported that the agency had a balanced outturn position at year end. Measures are in place to ensure that any underspend is reported and returned to SG in sufficient time to be re-distributed to other portfolios.

Mr Waugh noted that overtime spend of £200,000 shows an increase over 2015-16. This was to cover staff engaged in Project 17 and a number of vacancies across Operations. Mr Waugh advised that although unaudited, the provisional figures should reflect closely those in the final Accounts.

Mr Smith advised that it was agreed at ARC that one paper be provided for both ARC and MAB for future meetings.

5b. NHS and Teachers pension schemes

Mr Waugh advised that it was business as usual with a number of deadlines to meet. The draft budget had been announced in December 2016 and approved in January 2017. Figures provided for budget estimates in 2015 had been proved to be accurate. The draft budget for 2017-18 will be aligned with estimates provided to HM Treasury, however, some things are out with our control eg: transfers.

6. Project 17 Update

6.1 Mr Bayliss advised that the last update was provided on 2 February 2017. A special briefing was held for Pension Board Chairs. The Agency is working with Capita during the 12 week phase which commenced on 27 March 2017.

7a. Scheme Governance Review

Mr Mackenzie explained the background to the recent Governance Review and thanked everyone who had taken part or contributed. The report will be reviewed by SPPA senior leadership team before being submitted to Scottish Ministers. Following this, further discussion will take place to decide the practicalities of implementing the recommendations. Mr Dawtry also advised that the review report will be published on the Scottish Parliament Information Centre section of the Scottish Government website.

AP: Governance Review report to be published on the Scottish Parliament Information Centre website

7b. Agency governance work in progress

Mr Dawtry advised that a further staff resource is required to support Governance. Work will commence shortly to fill the vacancy.

AP: staff resource to be arranged to support Governance

7c. Draft Management Advisory Board terms of reference

Mr Dawtry advised that the Terms of Reference will be reviewed and revised.

AP: Management Advisory Board Terms of Reference to be reviewed and revised

7d. Risk Management developments

Mr Waugh advised that the most recent audit on risk management carried out by internal audit had resulted in substantial assurance. Dr Keith Nicholson, Interim Head of Security held carried out a subsequent review and facilitated a risk workshop and provided recommendations/reforms. As a result there is now a Risk Governance Group within SPPA.

Mr Brechin commented that risk of reputational damage was not listed as a potential long term risk, nor was GMP. Mr Dawtry advised that GMP is now being treated as a project. Mrs Cowan commented that it would be useful to use other businesses experience of GMP.

Ms Holmes stated that she hoped future papers will provide more detail. Mr Waugh advised that the Risk Governance Group would build on the report's recommendations and develop its own methodology.

AP: Risk Governance Group to provide methodology used

8. Initial draft Agency 2017-18 Business Plan

8.1 Mr Dawtry advised that the draft business plan was mainly for internal purposes and follows on from last year, listing key tasks. The plan will feed into the Corporate Plan.

8.2 Mr Swan advised that there are a number of significant projects that will commence in 2017-18 and progress into 2018-19.

8.3 Mrs Thompson commented that the business plan is more reflective of a programme of business, but does not show all the work involved. Mr Dawtry advised that this is the overarching plan and that individual plans are held for each Directorate, with work plans for individual teams. These are supported by monthly management boards, review of risk registers, monthly conversations etc.

Mrs Thompson asked the board to note the content of the plan. Ms Holmes asked what the next steps are. Mr Dawtry advised that it would be a case of ensuring everyone is content with it and it will then be communicated to staff.

9. Any other business

No other business declared.

Mrs Thompson thanked everyone for their attendance and also thanked those who had provided papers for the meeting.

Summary of Actions

Number	Para	Action	Action Officer
1	1.3	issue link to 'On Board' to Mr Brechin	MW
2	1a	issue Declaration of Interest forms to non-executive directors who have not signed within the last year	MW
3	3.2	summarise measures in place to ensure staff awareness regarding security to support gap analysis and present to the Board	GS
4	4.3	provide more information regarding actions to resolve missing or late data submissions from	EG

		employers	
5	4.4	amend figures on page 2 of the end year report relating to Pensions – numbers paid and Pensions – amount paid	GS
6	7a	Governance Review report to be published on the Scottish Parliament Information Centre website	CD
7	7b	staff resource to be arranged to support Governance	CD
8	7c	Management Advisory Board Terms of Reference to be reviewed and revised	CD
9	7d	Risk Governance Group to provide methodology used	IW