

**SCOTTISH PUBLIC PENSIONS AGENCY
MINUTES OF THE EXTERNAL MANAGEMENT BOARD MEETING HELD ON 28
October 2008 AT TWEEDBANK**

In attendance:

Alyson Stafford	Chair
Julia Edey	Non-executive Director
Alex Smith	Non-executive Director
James Taylor	Non-executive Director
Neville Mackay	SPPA Chief Executive
Roy Millan	Operations Manager
Chad Dawtry	Director of Policy Strategy and Development
Chris Fenton	Director of Corporate Services
Pamela Lane	Director of IT and Major Projects
Sarah Collin	Minutes

1. Apologies and Introductions

1.1 Ms Stafford welcomed everyone to the meeting. Apologies were received from Ian Clapperton and Mr Millan was substituting.

2. Minutes and Matters Arising

2.1 The minutes of the previous meeting on 29 July 2008 were agreed.

The summary of action points was addressed:-

2.2 Quality Assurance report: Mr Mackay advised that this paper could be made available at the next EMB meeting on 3 February 2009, if required.

2.3 Mr Fenton advised that the staff absence data held in the new e-HR system were currently unreliable. However, the implementation of the new flexi time system should lead to greater accuracy of the data, as the flexi system was integrated with e-HR and this enforced the alignment of data records.

Action: Mr Fenton to report sick absence statistics to next board.

2.4 Mr Dawtry advised that progress on the Local Government Pathfinder project had been delayed as a result of changes in project governance. It was agreed that this item should be subject to a substantive discussion at the next EMB meeting in February 2009.

3. Progress Report to 30 September 2008

Progress against business plan tasks

3.1 Mr Mackay advised that the main activity during Q2 had been the implementation of the AXISe system for the STSS during September. He also advised that the Agency had just gone through the triennial liP reaccreditation process, with a successful outcome. A number of development issues had been identified and these would be addressed by Management over the next few months. The benchmarking exercise for the actuarial services contract had also been completed, and the contract with GAD was subsequently extended on the understanding that service quality would be improved. The possibility of further extension in the longer term if service standards were maintained was built into this arrangement and improvements in service had already been noted.

3.2 Ms Stafford asked if there were implications arising from the delay in the consolidation of scheme regulations. Mr Dawtry confirmed that there were not, unless there was significant slippage in current timetables.

3.3 Mr Mackay reported that he was undertaking an annual process of meeting with all Agency staff. The feedback suggested that the majority were very positive about the business changes being undergone by the Agency and understood the reasons for it. The majority of staff had risen to the new challenges despite unprecedented work pressures across the Agency.

3.4 Mr Smith asked whether the Agency's review of the customer complaints process had concluded. Mr Millan advised that it had, and that a revised two-tiered approach had been implemented. The process had been streamlined to reduce complexity and timescales. The two main areas of complaint were on customer handling issues, and award decisions. The majority of complaints were on customer handling issues and these tended to be resolved quickly. However, award decisions were often more complex to resolve and took more time.

4. Finance Report to 30 September 2008

4.1 Mr Fenton presented the budget and outturn figures for the pensions schemes and Agency for the second quarter. The scheme figures forecast a modest budget underspend for the Agency, and an overspend for scheme accounts, although these were traditionally more volatile and difficult to predict. He also noted the continued success in recovering routine overpaid pensions and congratulated the staff involved for their work on this.

4.2 Mr Fenton advised that SPPA had not as yet been directly affected by the turbulence in financial markets. The Agency did not hold funds, and bank transactions were handled by the Office HM Paymaster General. However, the situation would be kept under review.

4.3 Mr Fenton advised that the main change in the Agency financial position had been that the additional £180k which the Agency had bid for in order to conclude the Agenda for Change exercise would not now be made available. This had required compensating adjustments to Agency spending. There had been other areas of additional expenditure, including the higher than forecast legal costs for dilapidations from St Margaret's House. These additional pressures would be met through the

use of the contingency budget and the realisation of savings in the medical services and consultancy budgets.

4.4 Mr Fenton advised that the Agency accounts had been signed by Mr Mackay, that Audit Scotland had signed the unqualified audit report, and the accounts were at the printers.

4.5 The draft scheme accounts had been examined by Audit Scotland. The only outstanding matter was the disclosure of the GMP issue. Discussions were ongoing as to the nature of the disclosure required.

4.6 Mr Fenton advised that the preparation for the IFRS restatement of 31 March 2008 balances was on target to reach Audit Scotland within the prescribed timescale.

5 Corporate Governance

5.1 Mr Mackay reported that an initiative was under way within the Scottish Government (SG) to review Agency corporate plans and operating plans to ensure alignment with the objectives of the SG. The SPPA was one of the few agencies whose corporate plan had been approved in advance of this exercise. Mr Mackay was concerned that the proposal to subject annual business plans to an approval process was contrary to the rationale of Agencies and could impact on their operational freedoms. Mr Mackay agreed to pursue these concerns further with the SG.

5.2 A discussion ensued about the quality of services provided to agencies by central SG departments. Mr Fenton was asked to report to the next meeting on the level of service received by SPPA.

Action: Mr Fenton to report back on quality of services provided to Agency by SG.

6. Audit Committee Report

6.1 Mr Smith reported that the scheme accounts had been agreed by Audit Scotland pending the resolution of the GMP issue. Ms Stafford advised that a Treasury meeting in London on 4 November was expected to provide a decision for England and Wales on GMP handling and this would help inform Scottish decisions. If no decision were made prior to the accounts deadline of 31 December, then additional disclosure would be required in the accounts.

6.2 Mr Smith advised that the Audit Committee members would be carrying out a self-assessment of their roles. Ms Stafford advised that SG had just completed Audit Committee guidance on self assessment and this was now available.

6. Draft Training Strategy

6.1 Ms Stafford welcomed Mrs Murphy to the meeting.

6.2 Mrs Murphy presented the new training strategy for SPPA and its rationale. Mrs Murphy advised the Board that the Agency had achieved liP re-accreditation, although some development areas had been identified, including the training and development of staff.

6.3 Mr Mackay advised that the strategy had evolved from the old strategy, and that the main changes were the focus on depth of knowledge rather than breadth. This recognised that the Agency was still facing issues associated with the levels of technical knowledge on which it could draw. The strategy also sought to do more to encourage a greater sense of ownership by Managers of staff training needs. The Agency was also committed to “professionalising” its staff by requiring them to obtain an appropriate professional qualification, and this would be piloted during 2009.

6.4 Mr Smith asked whether the Agency had the resources to deliver the training strategy. Mr Mackay said that the Agency had the resource to delivering training, with Mrs Murphy’s team, and the technical training team in Operations. In addition to internal staff resources there was a budget of £100k for training by external providers during 2008-09 and this budget would be reviewed prior to the new financial year.

6.5 Mr Taylor asked how the issues of staff retention might be addressed, and whether there was a programme of staff secondments. Mrs Murphy said that she was considering the SG talent management strategy as part of the Agency’s HR Strategy, which was scheduled for completion by 31 March.

Action: HR Strategy to be considered at future EMB meeting.

7. Annual Customer Survey Results

7.1 Mr Millan presented a paper on the customer survey results. Ms Stafford welcomed the positive results of the survey.

7.2 Mr Millan advised that the overall customer satisfaction levels had improved. Recommendations arising from the survey included:

- Contact details – ensuring customers get to the correct contact point.. This should be helped by the new voice recognition system being implemented.
- Telephone etiquette – improving our initial responses.
- Communications style and content - further training on the need to avoid jargon.

8. Pension Change Project

8.1 Ms Lane advised that the STSS phase of AXISe had gone live on 26 September, slightly later than planned due to a hardware failure on the existing system. A full training programme had been in place prior to go-live. During the first week, SPPA “super-users” and supplier floorwalkers had been in place to assist staff with problems. There were 20 outstanding support issues currently identified which were being addressed by the Agency and the supplier.

8.2 Ms Lane advised that staff feedback had been generally positive, but that some training issues had been identified. Staff had been given regular updates on

the progress of the project, as had the employers. A report would be prepared for SMT on the lessons learned and on the benefits realised.

8.3 Ms Lane advised that as a result of the late implementation of the STSS phase, the go-live date for NHS was likely to be delayed. While project tasks were likely to be completed by the end of February, operational priorities might necessitate deferral of the implementation until May 2009. That would lead to additional costs in supporting the existing Northgate systems in the next financial year. The project itself remained within budget.

9. Any Other Business

9.1 No further business was discussed.

10. Date of Next Meeting 3 February 2009

Summary of Action Points

Action Point	Paragraph	Responsible Officer
Report sick absence to next board	2.3	Mr Fenton
Report back on quality of services provided to Agency by SG	5.2	Mr Fenton
HR Strategy to be considered at future EMB meeting	6.5	Mr Fenton