

**SCOTTISH PUBLIC PENSIONS AGENCY
MINUTES OF THE MANAGEMENT BOARD MEETING HELD ON 29 July 2008 AT
TWEEDBANK**

In attendance:

Alyson Stafford	Chair
Julia Edey	Non Executive Director
Alex Smith	Non Executive Director
Neville Mackay	SPPA Chief Executive
Ian Clapperton	Director of Operations
Chad Dawtry	Director of Policy Strategy and Development
Chris Fenton	Director of Corporate Services
Pamela Lane	Director of IT and Major Projects
Mark Cockburn	Minutes

1. Apologies and Introductions

1.1 Ms Stafford welcomed everyone to the meeting. Apologies were received from James Taylor.

2. Minutes and Matters Arising

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

2.2 Following a request made at the previous meeting, Mr Clapperton provided some background on the Agency's approach towards Quality Assurance (QA). He advised that a QA manager had been appointed. His role was to help verify the extent to which checks on e.g payments were carried out accurately, to check the extent to which shared business processes were carried out consistently across the organisation, and to ensure that any recommendations were reflected in the Agency's technical training programmes. Compliance with audit recommendations and SPPA technical notes was also considered, and the outcomes from complaints were also used to identify trends and potential training needs. It was agreed that the QA report should be shared with the EMB quarterly.

Action: QA report to be shared with EMB quarterly.

The summary of action points was addressed:-

2.2 A test of the disaster recovery plan had been reported to the Audit Committee.

2.3 Mr Fenton advised that while there had been progress on the HR strategy this was moving ahead more slowly than originally planned. The Agency had now recruited a training manager whose first task was to help to develop a new Agency training strategy. Once this was completed she would then look to develop the Agency HR strategy. It was agreed to discuss the Training strategy at the next EMB.

Action Draft SPPA Training Strategy to be discussed at the next EMB.

2.4 Mr Mackay reported that the Cabinet Secretary for Finance and Sustainable growth had approved the agency's new Framework Document. It was noted that this may need to be updated in-year as a result of possible further changes to the composition of the Agency's EMB arising from the Scottish Government's review of the Governance arrangements for public bodies.

3. Progress Report to 30 June 2008

Progress against business plan tasks

3.1 Mr Mackay presented the progress report. He advised that at this relatively early stage of the business year the Agency appeared to be on course for achieving most of its key tasks. He said that there was a lack of clarity about the precise meaning of key task 20, which had conflated the two essentially separate issues of debt recovery and contributions collections. This would be resolved before the next meeting.

3.2 Mrs Edey noted that the Agency had been unable to provide statistics on sickness rates as a result of problems with the e-HR system. She asked if e-HR was a Scottish Government System or a SPPA system. She was advised that it was a Scottish Government System and that it was still undergoing development. In the longer term the Agency was exploring the potential for linking e-HR to the overtime system. It was hoped this would improve the quality of staff input to the system and allow a sick absence rate to be reported. It was agreed that the sick absence rate should be reported to the next Board.

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

Corporate risk register review

3.3 It was agreed that the risk "failure to meet parliamentary deadlines for scheme regulations" could be removed from the corporate risk register as this work is now complete.

3.4 A new risk will be added regarding the impact of staff turnover and difficulties in recruitment.

3.5 The risk "payment of significantly inaccurate pensions/lump sums/death benefits" is to be amended to include process deficiency as a threat/cause.

3.6 Mrs Edey asked about the risk of receiving inaccurate data from employers. Mr Mackay advised that the Agency planned to take a more robust approach to inaccurate data from employers in the future, as part of new data exchange protocols. He agreed to make this area clearer in the risk register. He advised the amended report would be available for the next Board.

Action: Mr Mackay to update risk register for next Board.

3.7 Mr Clapperton gave an update on the exercise to review cases where members have Mental Health Officer Status. SPPA had completed the review of all cases but was awaiting information from employers to complete the exercise. Employers had indicated the information would be returned soon. This should allow cases to be updated prior to migration to the new pensions administration system.

3.8 The Board discussed the difficulty of getting the correct contact at Health Boards when requesting information. Ms Stafford suggested that SPPA should liaise with Health Board Finance Directors in the first instance.

Procurement exercises

3.9 Mr Clapperton advised that the procurement exercise for medical services was complete and that the supplier had been chosen subject to contract. A benchmarking exercise would be undertaken to compare GAD services with four other providers of actuarial services. This would inform the decision to go to procurement or renegotiate services with GAD.

3.10 Mr Mackay gave an update on business development advising of SPPA's involvement with the Local Government Pathfinder Exercise and possible avenues of income generation. Mr Smith asked when the board would next be given a detailed update. Mr Mackay advised that Mr Dawtry would give a verbal update to the next meeting (28 October 2008) with a more detailed presentation in February 2009, once the result of the pathfinder project was known.

Action: Mr Dawtry would give a verbal update to the next meeting (28 October 2008) with a more detailed presentation in February 2009.

GMP

3.11 The Board discussed an exercise to review the GMP calculation in a number of cases.

4. Finance Report to 30 June 2008

4.1 Mr Fenton presented the finance paper for budget and outturn figures for the pensions schemes and Agency for the first quarter. Although this was early days, the figures forecast a modest *resource* budget under spend. There was a forecast overspend in *cash* but this is more volatile. He also noted the continued success in recovering routine overpaid pensions and congratulated the staff involved for their work on this.

4.2 The budget and outturn figures for the Agency running costs were also presented. Mr Fenton advised that although it was probably too early to draw firm conclusions, at this stage it appeared possible that there would be a likely underspend as the Agency staff complement at the start of the year was lower than forecast.

4.3 Mr Fenton advised the Agency accounts were at the point of signing as the presentational issues arising from the Audit Committee meeting had now been addressed. Audit Scotland would issue an unqualified audit opinion. The Agency had been the first public body to input consolidated accounts to Scottish Government and was complimented on

the standard of its return. Much of this was a result of the work done by Mrs Collin and members of her Finance team. Mr Fenton congratulated all the staff involved.

4.4 The draft scheme accounts had been passed to Audit Scotland within the agreed timetable. It was planned that an advanced set of accounts would be available for presentation to the Board meeting in October.

5. Audit Committee Report

5.1 Mr Smith reported the outcome of the Audit Committee meeting which was held on 15 July 2008. He advised SPPA had been criticised in an Audit Scotland report on the National Fraud Initiative. Assurances had been given that lessons had been learned and they were satisfied with the Agency's future plans for handling this issue.

5.2 He also advised that the Audit Committee had been taken through the Agency accounts by Mr Fenton who advised where Mr Mackay would sign as accountable officer. The Audit Committee had concluded they were happy for him to sign. Audit Scotland had given a clean audit opinion. Internal Audit had provided substantial assurance in respect of administration and programme expenditure. He advised the opinions expressed by Audit Scotland and Internal Audit reflected well on the whole Agency and particularly to the Finance Team.

5.3 He also advised Internal Audit had been asked to review the format of the risk register.

6. Pension Change Project (13.6)

6.1 Ms Lane provided an update on the progress made on the project since the last Management Board meeting. While there were still some areas to be delivered on the payroll interface, the plan was still to go live on the 16 September for Teachers and 2 December for NHS.

6.2 Mrs Edey asked if the new system would be run in parallel with the old system and was advised that resources did not allow for this. The plan was to switch the old system back on again should the new system fail.

7. Agenda for Change

7.1 Mr Clapperton gave an update on how Agenda for Change would impact on members of the NHS pension scheme. He advised it would affect 158,000 active members with the majority of work being the recalculation of 12,000 pension awards. There would be less work involved in refunds and transfers. It was hoped that an IT solution would be available but if not cases would need to be reworked manually. Mrs Edey thought it likely that this would run over into 2009 – 10.

8. NHS Choice

8.1 Mr Clapperton presented SPPA's plans to offer members the choice to join the new NHS pension scheme. SPPA had decided to take a proactive approach and contact each member rather than wait for members to contact SPPA. This approach had been agreed with

Scottish employers and unions. A meeting was planned with NHS employers and with NHS pensions administrators in England, Wales and Northern Ireland to discuss outstanding issues.

9. Data security

9.1 Mr Mackay advised that the management team would meet to review data security and handling data. As Audit made a review of this area last year it was agreed to advise them of any proposed changes.

Action: Mr Mackay to write to internal audit if there are changes to the data security/handling procedures.

10. Date of Next Meeting 14 October 2008

Summary of Action Points

Action Point	Paragraph	Responsible Officer
QA report to be shared with EMB quarterly	2.2	Mr Clapperton
Present the training strategy at the next EMB.	2.3	Mr Fenton
Report sick absence statistics to next board	3.3	Mr Fenton
Update risk register for next Board	3.7	Mr Mackay
Give a verbal update of progress with Shared Services pathfinder project to the next meeting (28 October 2008) with a more detailed presentation in February 2009.	3.11	Mr Dawtry
Write to internal audit if there are changes to the data security/handling procedures.	9.1	Mr Mackay