

**MINUTES OF MEETING OF THE SPPA EXTERNAL MANAGEMENT BOARD
TUESDAY, 29 July 2014**

Present:

James Taylor	Chair
Alex Smith	Non - Executive Director
Sheena Cowan	Non – Executive Director
Julia Edey	Non-Executive Director
Eleanor Emberson	Director of Financial Strategy and Revenue Scotland (via telephone)
Neville Mackay	SPPA Chief Executive
Pam Brown	Director of Operations
Marion Chapman	Director of Corporate Services
Chad Dawtry	Director of Policy
Ian Waugh	Director of Finance
Susan Gray	Director of Business Change Programme

Minutes: Liz Rae

Introductory Remarks

1. Mr Taylor welcomed everyone to the meeting.
2. There were no Declarations of Interests submitted.

Minutes of Previous Meeting, Matters Arising and Declarations of Interest (Paper 39.1)

3. The minutes of the previous meeting, held on Tuesday 29 April, were agreed. All Actions arising had been completed.

Audit and Risk Committee (ARC) Report (Paper 39.2)

4. Mr Smith asked the Board to note the content of the draft minutes of the Audit and Risk Committee meeting held on 15 July 2014. He drew the following areas to the Board's attention:

4.1 Mr Mackay had arranged to receive the agenda and papers for the relevant portfolio audit committee and had an invitation to attend meetings if necessary – the Board commented that this would be very helpful.

4.2 Concern was expressed by the Board regarding the audit outcomes for the Scottish Government Corporate Systems. It was noted that the SG was aware of the audit outcomes and had plans to improve the outcomes of future audits in these areas.

4.3 Mr Smith asked the Board to note the five inherent risks which were assessed as high within the SPPA Risk Register. Mr Mackay explained that these risks were reviewed regularly and were a realistic reflection of the state of play at the moment but in each case, although the inherent risk was red, the residual risk, when mitigation was applied, was amber.

SPPA Quarter 1 Progress Report 14 - 15 (Paper 39.3)

5. Mr Mackay introduced his paper which set out progress on Operational and Strategic issues for Quarter 1 2014 – 15. He drew the Boards attention to the following areas;

5.1 The implementation of Altair is going well. The focus of any current concern was shifting from technical issues to issues associated with knowledge acquisition.

5.2 Although the SG has a staff recruitment embargo on all except business critical posts, the Agency has been given dispensation to proceed with the allocation of its staff holding B promotion tickets to vacant posts.

5.3 The Board also discussed staff resources and the importance of ensuring both long and short term requirements were being dealt with correctly. The Board reiterated that the additional financial resources requested for 2014 - 15 were essential if the Pension Reform and Police and Fire activities were to be delivered by April 2015.

6. The Board also had a discussion on the outcome of the 2012 NHS and STSS Scheme Valuations. The Board asked that Mr Dawtry's contribution to the successful outcome be recognised.

7. The Board commented on the new format of the Agency Round-up Report and agreed that this should continue with the following changes:

- An explanation be provided for the reason for any delays in the 'Progress against Directorate Service Standard Targets; and
- A change to the title of column 3 in the 2 Key Issues tables.

Action Ms Rae paragraph 7.

SPPA Quarter 1 Finance Report 2014 - 15 (Paper 39.4)

8. Mr Waugh presented his paper highlighting the following key points;

8.1 The accounts and audit timelines for quarters 2 and 3.

8.2 The budget allocation for 2014 – 15.

8.3 The 2014 – 15 budget settlement would support 267 full time equivalent (fte) staff but a further £350k had been requested to recruit a further 9.5 ftes. A further £1.5m had also been requested as part of the budget revision process based on GAD estimates of expenditure associated with concluding the pension reform valuations. This had been discussed with GAD and precise figures should be confirmed in the next few days.

8.4 Overall Year to Date (YTD) net expenditure for the Agency showed an underspend of £317,468 against the revised quarterly budget of £2,853,624. Mr Waugh advised that it was too early to identify any trends. The main underspends had been attributed to contingency (£62,500); gross salary costs (£59,589); postage (£35,685) and actuarial costs. However, all of these items have an irregular cost profile so it was unlikely that this level of underspend would be maintained across the whole year.

8.5 The YTD Capital Expenditure of £354,000 and the budget requirements for the Fire and Police project (no capital expenditure was incurred in the last quarter) were detailed.

8.6 Budgets will be updated as part of the Autumn Budget Revision.

9. After discussion of this paper the Board concluded that the Agency should proceed on the basis that our request for additional funding in 2014 - 15 will be met.

10. The Board noted the timelines provided; the sources of and reasons for, pressures on the 2014 – 15 budget; and the Agency's and Scheme's financial positions to date.

SPPA Annual Report and Accounts 2013 - 14 (Paper 39.5)

11. Mr Waugh presented his paper to update the Board on progress towards finalising the Annual Report and Accounts for 2013-14 and highlighted the changes made following the meeting of the Audit and Risk Committee (ARC) on 15 July 2014.

12. The Board were informed of the very positive response from Audit Scotland who had commented on both the quality of the report and accounts and the positive relationship between themselves and the Agency.

13. The Board complimented SPPA on the work involved in the production of the report and confirmed that they were content for the Agency Annual Report and Accounts 2013 – 14 to be signed by the Chief Executive.

Programme Board Update (Paper 39.6)

14. Mrs Gray highlighted the main points of her paper which was intended to provide the Board with an update on the Business Change Programme.

15. The Board noted the content of the paper and agreed the importance of the Communications stage and recognition of the work that had been undertaken.

Police and Fire Project Update (Paper 39.7)

16. The paper provided EMB with a summary of the current position in the transfer of the Scottish Police and Fire Pension Administration service provision to SPPA. Mrs Brown highlighted the following specific areas.

16.1 The key challenge is to migrate all (9) services to 1 single integrated service.

16.2 A Project Board has been set up to govern the project – its members include representatives from Police and Fire Services, SG Justice Department, Heywood Ltd and SPPA.

16.3 The implementation will take place 1 area at a time beginning with Dumfries and Galloway at the end of September 2014.

16.4 3 areas have paper records which need to be back scanned.

17. The Board also noted the following:

- The assigned work streams; and
- The timetable for the high level tasks and the progress to date.

18. The Board were informed that at the moment things were going to plan and that the main concerns were associated with knowledge building issues. Mrs Brown was asked how this was being achieved and informed the Board that it had been planned to bring existing administrators to SPPA but that had proved problematic. SPPA administrators were now visiting the current administrators to facilitate knowledge transfer. It was noted that some SG Directors had responsibility for specific geographical area and it was open to SPPA to seek advice from them if required.

19. The Board noted all the information provided and agreed that Ms Brown should be recognised for all her work on this project.

SPPA Information Assurance Strategy (Paper 39.8)

20. The group considered the content of the paper and agreed that it was an important document which was well set up and agreed its content. It was suggested that it would be beneficial to further investigate how other similar organisations dealt with this subject – this will be taken forward.

21. Mr Mackay pointed out that this strategy would form part of the 3 year Corporate Plan for the Agency which commenced in 2015.

IT Procurement Project (Sensitive Marking) (Paper 39.9)

22. The Board considered all aspects of this paper and agreed with the proposals as set out.

Governance Discussion (Oral)

23. The Board discussed the issues around the proposed Governance Model as submitted to Mr Swinney for approval and the associated roles and responsibilities. Ms Emberson, Mr Mackay and Mr Dawtry will be meeting Mr Swinney tomorrow to discuss the document further – the Board will be kept informed of any outcomes.

Any Other Business

24. A date was agreed for an External Management Board away day where resourcing will be discussed in more detail. The meeting will precede the Audit and Risk Committee on Tuesday 7 October 2014 (beginning at 10 am) – venue to be decided.

Next Meeting

25. The next meeting of the Board is scheduled for Tuesday 21 October 2014 at 13.30 in SPPA.

Summary of Actions

Number	Para	Action	Action Officer
1	7	*An explanation be provided for the reason for any delays in the 'Progress against Directorate Service Standard Targets; and *A change to the title of column 3 in the 2 Key Issues tables.	Liz Rae