

## **SPPA Management Board Meeting held on 09/11/2004 in Tweedbank**

### **In attendance:**

John Aldridge	(Chair)
Peter Jeary	(Non Executive Director)
Vivien Dance	(Non Executive Director)
Neville Mackay	SPPA Chief Executive
Ian Clapperton	Policy Director
Pamela Lane	IT Director (incoming)
John Nelson	IT (outgoing)
Gordon Taylor	Operations Director
David Weir	Finance Manager
Stuart Dickson	(Minutes Secretary)

### **1. Apologies and Introductions**

1.1 Mr Aldridge welcomed everyone to the Management Board meeting especially Ms Lane who is replacing Mr Nelson who was moving back to the Scottish Executive. Apologies were given for Mrs Paterson who was attending an Awayday seminar.

### **2. Minutes and Matters Arising**

2.1 The minutes of the meeting on 3 August were agreed. Action points from the previous meeting had been completed.

### **3. Progress Report**

3.1 Mr Aldridge explained that now that the Management Board had familiarised itself with the basics of the Agency's work, it was timely for the Board to begin to focus on the Agency's strategic agenda. This shift of emphasis was reflected by Mr Mackay's paper which contained 3 distinct sections:

1. External Environment
2. Corporate Issues
3. Operations

3.2 Mr Mackay explained that the main external factor over the previous 3 months had been the conclusion of the Executive's 2004 Spending Review.

The outcome was generally satisfactory in that the Agency had been provided with a flat cash running cost settlement and had also secured funds for the introduction of a new IT system from 2006-2007. Mr Mackay expressed concern over the extent to which the Agency would be able to cope with a flat cash baseline at a time of significant change to the pension schemes. The Board asked the management team to explore with the Scottish Executive the option of finding the necessary resources by reprofiling some of the capital funds set aside for the new IT system.

3.3 On Corporate Issues, Mr Mackay advised that following a recent management team awayday the Agency had identified a Mission Statement, Core Values and Targets for inclusion in the Agency 2005-2008 Corporate Plan. The board heard that it was necessary to revisit the current plan as it was felt that it did not satisfactorily reflect the significant changes that the organisation would face from 2006. There was also a desire for staff to play a greater part in the planning process.

3.4 On Operations, Mr Taylor explained that his teams had concentrated on clearing the backlog in bulk repair and 15,000 items had been cleared in the last 3 months (an average of 5,000 per month). A central team had been set up to clear basic bulk repair items with the difficult cases being processed by individual teams. The Agency had recently allocated an additional 4 staff to help further reduce the backlog. It was noted that there was a 27% increase in the number of benefit statements issued in 2005 compared with 2004, which illustrates the extent to which the bulk repair backlog was being resolved.

3.5 The board heard that GAD had been supplied with the data which would allow the various scheme valuations to be brought up to date during the early part of 2005. This was an important task as the scheme liabilities were used to help set the various pension scheme contribution rates. The current rates were based on outdated scheme valuations which needed to be brought up to date as soon as possible. The Board heard that by April 2005 the Agency should be in receipt of the completed STSS Valuation (2001) and NHS Valuation (1999). Mr Taylor advised that a decision was still to be made whether to have a 2003 or 2004 NHS Valuation or whether both were needed to comply with legislation and keep in line with England and Wales.

3.6 There then followed a brief discussion on the Agency's forward look. Mr Aldridge said that he thought the format of the forward look was useful and pitched at the correct level. However, it was agreed that in future a finance summary should be included at each meeting and progress on key targets should be included every 6 months.

**Action: Future reports to include summary of administrative expenditure against profile; Progress against key targets to be included every 6 months.**

#### **4. Efficient Government Review (EGR)**

4.1 Mr Mackay briefed the board on the recent developments with the EGR. He explained that as part of its response to the review, the Agency would be looking at the scope for administering a wider range of public sector pension schemes than at present. The Police, Fire and PCSPS schemes were all in the frame and merited closer examination, although it was not possible at this stage to determine whether any of these possibilities might bear fruit.

4.2 Mr Clapperton explained that there was an issue with PCSPS work as the Agency had to gain PCSPS accreditation before it could take the work on. The Agency would explore what this entailed with the appropriate Government Departments.

#### **5. Presentation of proposed Corporate Plan Targets**

5.1 Mr Mackay presented the Agency's revised Corporate Plan targets to the Board. The Board agreed with all key targets although there was a discussion regarding the exact nature of the Corporate Governance target. It was explained that some of the targets would have footnotes added to them that explained some of the definitional aspects. Mr Aldridge said that setting the targets for 3 years would offer some consistency although progress against the targets should be published each year until they are complete.

#### **6. Scheme Accounts**

6.1 The Management Board heard that Audit Scotland may decide to provide a technical qualification to the Agency's scheme accounts for 2003-04 as a result of a technical budget breach resulting from the one-off introduction of a new prior period accounting adjustment. They may also decide to limit the scope of their assurances in respect of scheme valuations. Mr Weir mentioned that there maybe a budget breach every year as the actuarial report is not received until after Spring Budget Revision and if the liability is higher than budget it is too late to change the budget and there will be a breach although this is purely a notional figure.

#### **7. Issues for next meeting**

- Paper on how the Agency is proposing to manage the introduction of the changes to the pension schemes introduced in 2006 and
- Impact of FOI

**Action points form SPPA Management Board Minutes on 9 November 2004**

<b>Action Point</b>	<b>Paragraph</b>	<b>Officer</b>	<b>Undertaken</b>
It was agreed to supply the board with high level Administration finance information at the next meeting.	3.7	N Mackay	n
Progress of key targets to be included in progress report every 6 months.	3.10	N Mackay	N
Issues for next meeting	7.0	All	N