

SPPA Management Board meeting held on 07 June 2007 in Tweedbank

In attendance:

Alyson Stafford	Chair
Peter Jeary	Non Executive Director
Julia Edey	Non Executive Director
James Taylor	Non Executive Director
Alex Smith	Observer
Neville Mackay	SPPA Chief Executive
Ian Clapperton	Operations Director
Pamela Lane	IT Director
Mark Howells	Corporate Services Director
Chad Dawtry	Policy, Strategy & Development Director
Lila Tereszczyn	PA/Minutes

1. Apologies and Introductions

1.1 Ms Stafford welcomed everyone to the meeting including Ms Edey, Mr Taylor and Mr Smith who were all attending for the first time. No apologies were received.

2. Minutes and Matters Arising

2.1 The minutes of the meeting on 6 March were agreed. The status of the action points arising from the previous meeting were as follows.

- It was confirmed that pension scheme income and expenditure is incorporated into the Whole of Government Accounts (WGA).
- It was noted that following the discussion at the previous Board meeting, the Agency would be seeking supplementary in-year funding from the Scottish Executive for its revenue budget, as part of the Annual Budget Revision process.

3. Report on Agency 2006-07 Business Plan Targets

3.1 Mr Mackay explained that the Agency had had a challenging and stretching year but had made real progress in handling an increased workload, resolving inherited legacy issues, planning for the future while also managing the Pension Reform Agenda and delivering the new IT platform. Mr Mackay also noted that 25 of the 27 KPIs were met and in meeting those targets the Agency also delivered against the 9 key performance targets contained within the Agency's Corporate Plan.

3.2 Mr Smith sought clarification on the budgeted shortfall in the Agency's 2007-08 revenue budget. Mr Mackay explained that the £7.1m revenue budget set following the 2004 Spending Review was insufficient to meet the Agency's work program. A number of unplanned and unbudgeted tasks had arisen subsequently which could not reasonably have been anticipated at the time the budget was originally allocated. The Agency had entered into constructive discussions with the Scottish Executive Finance Directorate about the scope for meeting this shortfall through the Annual Budget Revision process, and as a result the Board had endorsed the recommendation to set an initial budget for 2007-08 of £7.4m. Ms Stafford

expressed the need to still work within the agreed budget, taking all elements into consideration and to keep the relevant Finance team in touch during the year to minimise any call on central support actually required.

3.3 Ms Stafford noted that the Agency's approach towards business planning was to set challenging and stretching targets which encompassed a number of significant business efficiency and service improvement objectives. These factors had been taken favourably into consideration by the Executive when considering the Agency's request for additional financial allocations. She also added that the Agency and its staff were to be congratulated on achieving so much during what had clearly been a very challenging year.

3.4 Mr Jeary asked for an explanation of the reasons why 7% of operational payment authorisations were incorrect over the course of the year. Mr Clapperton explained the post-payment checking arrangements and noted that the introduction of a new Quality Assurance manager was designed to address this issue.

4. Agency Progress Report to 31 May 2007

4.1 Mr Mackay explained that the report gave a snap shot of where the Agency was on some of its major areas of activity and also set out progress since the previous meeting of the Board. In the future he would append a table setting out progress against the key tasks set out in the Agency's annual business plan, but since we were only 2 months into the business year he had not done so on this occasion.

4.2 Mr Mackay reported that under the pension reform agenda the new STSS scheme was working well following its introduction in April 2007. Ongoing negotiations on the new Local Government scheme were progressing well and it was hoped to publish a consultation paper in July/August.

4.3 Mr Mackay then drew attention to the commencement of the first phase of the back scanning exercise (which was designed to electronically scan 28 million paper based data items currently being held in the Agency's scanning centre). This work was being taken forward as part of the Pension Change Project and the intention was to secure an ongoing efficiency saving as a result of closing the scanning facility.

4.5 He went on to discuss the introduction of the NHS payroll function, which had previously been outsourced. The Agency had now undertaken a number of "year end" processes in respect of this activity, and was currently developing a service improvement plan which drew from the experiences gained since the service was introduced in February.

4.6 Mr Mackay then outlined the modelling/planning exercise which was being taken forward to assess the level of resources required from the SE Spending Review in order for the Agency to undertake its mandatory tasks and to maintain service standards. Preliminary conclusions were that the Agency would require an increase in resources from the current allocation over the spending review period of 10-15% in order to maintain current service standards, to cope with increasing caseloads and to undertake certain new and unavoidable tasks which would need to be carried out over the spending review period. The next step was to model the impact of a below-need financial settlement on the range and quality of activities undertaken by the Agency. Ms Stafford commented that it was important for the Agency's financial expectations to be reasonable given the constraints upon the overall

Scottish Executive budget and agreed that the overall approach being taken by the Agency was appropriate for the circumstances.

4.7 Finally, Mr Mackay drew the Board's attention to a problem, which indicated that the Agency had possibly issued erroneous benefit statements to some NHS members with Mental Health Officer status. At this stage an indeterminate number of members (probably in the region of 300-800) could be affected and the Agency would be scoping the problem in more detail and then writing to them individually to apologise once the full extent of the problem had been established.

4.8 Mr Taylor asked if there was an obligation by the Agency to hold paper files for a specific period of time. Mr Mackay explained that this depended on the type of information held – some legal documents, for example, needed to be kept for specified periods of time. Each directorate within the Agency had its own file disposal policy which accorded with overall guidelines laid down by the Scottish Executive. Ms Lane added that around 99% of casework related papers could be scanned and destroyed in accordance with the agreed file disposal policy.

4.9 Ms Stafford noted that one of the issues arising from the Agency's Customer Stakeholder Survey had been the natural reluctance by staff to identify themselves by name on the telephone. A discussion ensued whereby Mr Clapperton indicated that this issue was being addressed through further training. Ms Stafford noted that the profile of the Agency's customer base had changed following the adoption of the NHS payroll function, and suggested that the Agency could perhaps approach voluntary agencies such as Age Concern to obtain advice on how best to deal with members of the public from this new group.

5. Finance Report 2006-07

5.1 Mr Howells issued the finance paper on Scheme Accounts for 2006/07 and welcomed feedback on the format and the opportunity to liaise on financial arrangements. He explained the main points to note:

- Scheme accounts - Pension scheme cash expenditure £33 million below budget, resource expenditure estimated to be £18 million below budget but this is subject to actuarial assessment;
- Agency running costs - both running costs and capital within budget.

5.2 Mrs Edey commented that the income appeared to be lower than anticipated. Mr Mackay explained that the income figure was estimated at the beginning of each year and it was not possible to do this with 100% accuracy as much of the income generation activity was associated with pension sharing on divorce activity and this was demand led.

6. Finance Report 2007-08

6.1 Mr Howells introduced the 2007/08 financial report and welcomed feedback. On pension schemes he discussed the cash and resource estimates and explained the estimated Agency Running Costs advising that a new Delegated Budgetary Control regime had been introduced on 1st April 2007.

6.2 Mr Jeary asked if there was a likelihood of the Agency having a significant overspend this year. Mr Mackay explained that following discussion at the last board meeting, it had been decided to set an annual revenue budget in excess of the current allocation. However every measure was being taken to keep this figure within the agreed amount. The implementation of delegated budgeting arrangements within the Agency from 2007-08 would help to achieve this.

6.3 Mrs Edey requested sight of the IT Project capital budget for future meetings and this was agreed.

Action: Details of the IT Project Budget to be provided at future meetings

7. Future Meeting Planner

7.1 This item had been discussed and agreed during the morning session with the NEDs. For the benefit of Mr Smith who joined the Board for the meeting, Mr Mackay gave a brief update. Mr Mackay introduced a proposed schedule and list of potential agenda items for future meetings. It was agreed that he would send an email to Board members which sought to identify dates for future meetings. There was also a general agreement that the Audit Committee would take place about 2 weeks before the External Management Board with the exception of when the accounts have to be signed off.

7.2 All members advised of their availability with regards to non attendance on certain days of the week.

7.3 An Away Day would be planned provisionally for January 2008 to discuss the implications of SR07 on the Agency's Framework Document and Corporate Plan.

7.4 Ms Stafford noted on the Future Meeting Planner that the Audit Committee was not a sub committee of the Board but sat alongside it.

Action Points from SPPA Management Board minutes on 07 June 2007

Action Point	Paragraph	Officer
Details of the IT Project Budget to be provided	6.3	PL

8. Date of next meeting

8.1 To be agreed through correspondence.