



Scottish Public Pensions Agency

2017-18 Business Plan

CONTENTS

Introduction.....	2
Key Tasks for 2017-18.....	3
Our People.....	7
SPPA Operating Budget.....	8
Risk Management.....	9
<u>Annexes:</u>	
Risk Register.....	Annex A

INTRODUCTION

1. This Business Plan covers the period 1 April 2017 to 31 March 2018 – a critical year in the SPPA's journey to establish itself as the premier public sector pension service organisation in Scotland.
2. That aim is built around the Agency's ability to deliver the following strategic outcomes:
 - a fit for purpose organisation that provides value for money for pension administration services and the provision of policy advice;
 - customers find it easy to engage with the Agency and get the right information and entitlements at the right time;
 - a workforce that is customer-focused, motivated, highly skilled and productive;
 - well-supported, efficient and effective pension administration and pensioner payroll systems and processes;
 - an appropriate level of digital engagement by and with customers, in particular:
 - members of the pension schemes administered by the SPPA supported to safely access and manage their data and doing so in increasing numbers;
 - employers of those schemes enabled to securely manage and timeously submit accurate data on their employees with all of them doing so.
3. This planning document sets out:
 - the headline tasks that the Agency will deliver during 2017-18;
 - the key risks and opportunities that the Agency has identified and how it intends to address them;
 - the main resources at the SPPA's disposal.

and has been developed at a time of operational **[and strategic]** change. In particular, in late 2015 the Agency entered into a long-term partnership to improve its pensions administration and payroll system. Managed under the SPPA's 'Project 17' and targeting 2017-18 for full system deployment and further development of related new capabilities, that new system is not yet operational.

4. Consequently, during 2017-18 the SPPA's focus will remain on continuing to deliver high quality 'business as usual' whilst laying the groundwork for change through, and beyond, the implementation of its new digital solutions platform.

KEY TASKS FOR 2017-18

5. The Agency's priorities for 2017-18 reflect a mix of routine business and change activity and are set out in Table 1. The SPPA's Management Advisory Board will keep that mix under regular review, making adjustments dictated by changing priorities and effective risk management (paragraph 16) as necessary.
6. A lead directorate/individual has been assigned to each key task. They are responsible for working with colleagues across the Agency and beyond and with stakeholders, as appropriate, to routinely monitor progress against and achieve the agreed targets and outcomes. Where directorates have been assigned, that responsibility falls to the senior official in that directorate.

Table 1: Kay tasks 2017-18

Key Task	Targets	Lead
1. Payment of existing pensions	i. 100% paid on due date; ii. Annual Pension Increase correctly applied in 100% of cases by 31-3-18	Corporate Services
2. Payment of new pension awards	i. 98% paid within one month of due date or to agreed SLA ¹ ii. minimum of 95% are correct at the point of authorisation	Operations
3. Pension Transfers In	i. Complete 100% quotes within 2 months of request or to agreed SLA ii. Complete 90% transfers within 20 days of all info receipt	Operations
4. Pension Transfers Out	i. Complete 100% of quotes within 3 months of request or to agreed SLA ii. Complete 100% within 6 months of guarantee date or to agreed SLA	Operations
5. Death Awards	Complete 98% within 2 months of receiving required information or to agreed SLA	Operations
6. Collect and account for pension contributions	Collect 96% of contributions by value within the period prescribed by legislation	Finance
7. Design and implement a new Target Operating Model for the Agency.	New TOM developed by 30-9-17	Chief Executive
8. Implement the integrated pension administration and pensioner payroll system PSPensions under 'Project 17'	Implement to agreed project plan	Dir. of Digital Transformation
9. Lead the delivery of business changes introduced as result of Project 17 and implementing PS Pensions.	i. Plan for operational transformation approved by 30-9-17. ii. Deliver projects to approved plans.	i. Head of Ops. Transformation ii. SLT leads.
10. Provide Annual Benefit Statements to active members of the NHS, Teachers', Police & Fire schemes	Accurate statements available to 100% of active scheme members by 31-8-17.	Operations

¹ Service Level Agreements exist with the Scottish Police Authority and with the Scottish Fire & Rescue Service

Key Task	Targets	Lead
11. Develop a three year data quality improvement strategy and related plan for all four schemes to support Annual Benefit Statements, the Pensions Dashboard and the Agency's aim of achieving 'straight through' processing.	i. Strategy & related plan approved by 30-7-17. ii. Deliver a range of improvement activities in line with the plan. iii. Up-to-date & accurate data held for a minimum of 95% of active members	Operations
12. Commence the reconciliation, with HMRC, of the NHS, Teachers', Police and Firefighters' scheme GMP data.	i. Complete options analysis by 30-5-17; ii. Agree plan and resourcing by 30-7-17; iii. Implement from 30-9-17.	Head of Operations Transformation
13. Deliver annual tax allowance notification statements to individuals who have breached the annual allowance threshold.	100% issued by 6 October 2017	Operations
14. Ensure the Agency's compliance with the Pension Regulator's Code of Practice.	Conclude review and provide assurance to all four Pension Boards by 30-9-17	Operations
15. Implement a Customer Contact Team to handle first support on operational telephone and website enquiries.	Phase one implemented by 30-9-17	Head of Operations Transformation
16. Develop and implement a Customer Charter for scheme employers	i. PID for approval by 30-6-17 ii. Implemented by 31-3-18	Operations
17. Ensure the effective management and delivery of the 2016 actuarial valuations for Scotland's NHS, Teachers', Police & Fire schemes.	Achieve plan agreed with the Govt. Actuary's Dept., Scottish Government, HM Treasury and Scheme Advisory Boards.	Policy
18. Bring forward agreed changes in legislation for Scotland's NHS, Teachers', Police, Fire & Local Govt. schemes	Deliver to dates agreed in the Scottish Government's Scottish Statutory Instrument tracker	Policy
19. Implement recommendations from the Teachers' scheme eligibility review.	i. Review concluded by 31-8-17; ii. Recommendations implemented in line with agreed plan.	i. Policy; ii. Operations
20. Implement approved recommendations for the independent review of scheme governance and continue to support Scheme Advisory and Pension Boards	i. Ministerial approval of recommendations by 30-6-17 ii. Support Scheme Advisory Board <u>meetings</u> . iii Support Pension Board <u>meetings</u> .	i. Policy/ Gov. Unit. ii. Policy; iii. Gov. Unit/ Operations
21. Provide effective secretariat services to: <ul style="list-style-type: none"> SPPA's Management Advisory Board; SPPA's Audit & Risk Committee. 	Support meetings <u>as scheduled</u> .	i. Gov. Unit ii. Finance/ Gov. Unit
22. Revise Internal Dispute Resolution Procedures for the NHS, Teachers', Police, Fire & Local Govt. schemes.	i. Conclude review by 31-08-17; ii. Implement approved revisions by 31-10-17	Policy
23. Advise SG Justice Programme Board on pensions options arising from the integration of British Transport Police in Scotland with Police Scotland.	i. take forward options agreed by Ministers for discussion and negotiation with BTPA by 31-7-17; ii. support BTPA in consultation with staff by 30-9-17; iii. apply legislative changes by 31-3-18	Policy

Key Task	Targets	Lead
24. Ensure that the Accountable Officer can meet their responsibilities for the efficient and effective financial management of the Agency.	<ul style="list-style-type: none"> i. Ensure the Agency's secure financial footing via a robust Spending Review bid to SG timeline. ii. Agency staff complement planned and monitored against available budget. iii. Draft Agency Accounts by 6-6-17. iv. Final Accounts signed by 31-7-17. 	<ul style="list-style-type: none"> i. Chief Exec/ Finance. ii. Finance/ Corp. Services. iii. Finance. iv. Finance/ Chief Exec.
25. Ensure that the Accountable Officer can meet their responsibilities for the efficient and effective financial management of Scotland's NHS & Teachers' pension schemes.	<ul style="list-style-type: none"> i. Prepare income & expenditure budgets and monitor in line with Govt. needs. ii. Resource outturn to be within 1% of budget for each scheme. iii. Draft Scheme Accounts by 18-7-17. iv. Final Accounts signed by 31-10-17 	<ul style="list-style-type: none"> i. Finance. ii. Finance/ Chief Exec. iii. Finance. iv. Finance/ Chief Exec.
26. Review and update: <ul style="list-style-type: none"> i. NHS, Teachers', Police & Fire overpayment and policies; ii. NHS, Teachers', Police & Fire debt recovery and debt write-off policies; iii. SPPA financial authorisation limits. 	<ul style="list-style-type: none"> i. complete by 30-9-17 ii. complete by 30-9-17 iii. complete by 30-9-17 	<ul style="list-style-type: none"> i. Finance; ii. Finance; iii. Finance
27. Implement 2017-18 aspects of the SPPA People Strategy and 9 point action plan	<p>To agreed plan and specifically:</p> <ul style="list-style-type: none"> i. focused activity to respond to People Survey results & IIP improvement indicators concluded by 30-9-17 ii. L&D 17-19 Strategy and 17-18 Training Plan approved by 30-6-17. iii. Learning journeys in place by 31-12-17. 	Corporate Services/SLT
28. Revise SPPA Communications Strategy and activities.	<ul style="list-style-type: none"> i. Approved communications Year Planner by 30-6-17 ii. External communications review, involving Pension Boards, by 31-8-17 iii. Approved External Comms Strategy & Action plan by 31-10-17 iv. Approved Internal Comms Strategy & Action plan by 31-12-17 	Corp. Services
29. Commence work to update the SPPA's website	To approved plan	Corp. Services
30. Support the Agency to implement the requirements of the General Data Protection Regulations (GDPR)	To approved plan	Corp. Services
31. Support the implementation of SG wide ICT facility improvements.	<ul style="list-style-type: none"> i. Implement the new Scottish Wide Area Network to timetable agreed with SG; ii. Implement Windows 10 to the timetable agreed with SG. 	Corp. Services
32. Ensure that the Agency's accommodation remains fit for purpose.	<ul style="list-style-type: none"> i. Complete a focused review of space, facilities and equipment by 31-7-17; ii. Lead related, budgeted improvements by 31-3-18. 	Corp. Services
33. Review and improve the Agency's Contract Management processes.	<ul style="list-style-type: none"> i. initial review findings by 30-6-16; ii. Revised contract management plan approved by 31-10-17. 	Corp. Services

34. Project manage required upgrade to Epicor debt management system software	By 31-10-17	Finance
---	-------------	---------

- 7. The span of activity in Table 1 reflects the Agency’s efforts to continuously improve the services and value it provides through incremental and wider scale change. All changes coalesce around the Agency’s ability to deliver now and in the longer-term and are typically based on improving: pensions knowledge and understanding; data quality; use of technology; and quality in and of the Agency’s communications. These capability themes also underpin revisions to the SPPA’s three-year Corporate Plan.
- 8. At a more transactional level, teams are engaged in a range of related activity to serve the Agency’s customers on a daily basis. Primarily measured through a suite of Key Performance Indicators, progress against these is routinely monitored by the Agency’s Management Advisory Board and, in the case of services to pension scheme members, by each of the four Pension Boards whose role is to assist the scheme manager for each pension scheme with ensuring that the Agency’s services meet expectations.

OUR PEOPLE

9. The Agency will only achieve its aim of being the premier public sector pension service organisation in Scotland if continues to invest in its people – to ensure that it has the right people, with the right skills, knowledge and behaviours in the right place, at the right time.
10. Underpinning the changes that the SPPA is seeking, therefore, lies a clear People Strategy underpinned by a focussed, flexible Action Plan covering the key elements of:
- developing our leadership and management capabilities;
 - personal development; and
 - creating the right culture through the on-going development and reinforcement of appropriate behaviours.
11. The strategy and supporting actions focus on how we will:
- develop and retain our people and attract appropriate talent in order to match capability with ambition and resources with agreed priorities;
 - encourage excellence in Leadership and Management, and
 - provide a progressive, collaborative and healthy working environment

STAFFING COMPLEMENT 2017-18

12. 2017-18 staffing is based on table 2. In setting the complement, the SPPA must balance core service delivery, implementing change and responding to external demand (e.g. constitutional change) against available funding recognising that: staff costs are c. 70% of running costs; in-year staffing decisions affect budgets for future years; and public services operate within significant fiscal constraints.

Table 2: 2017-18 staffing complement by directorate and grade (FTE)

Directorate	A3	A4	B1	B2	B3	C1	C2	C3	SCS	Total
Chief Exec	1	0	0	1	1	0	0	2 ²	1 ²	6.0
Operations	132.09	19.02	51.51	16.94	6	2 ³	0	1 ⁴	0	228.56
Policy	0.81	0	1	5.76	1	1	1 ⁵	0	0	10.57
Finance	6.81	0	2.68	1.81	1	1	1	0	0	14.3
Corp Services	13.81	0	11.95	6.8	5.57	2 ⁶	1	0	0	41.13
Sub-Total	154.52	19.02	67.14	32.31	13.57	6	3	3	1	299.56
Project 17	1.86	0	5.49	5	2	0	0	0	0	14.35

Notes to table 2

1. Deputy Chief Executive post + Director of Digital Transformation (seconded).
2. Chief Executive post (currently advertised)
3. 1 currently filling Director of Operations on TRS
4. Currently Head of Operations Transformation
5. Director of Policy (currently filled on TRS)
6. Deputy Director of CS and head of people services (currently filled on TRS)

2017-18 OPERATING BUDGET

Table 3: SPPA Budget 2017-18

Budget Line	2017-18 Budget	2016-17 Actual
Staff costs	£	£
Gross salary costs	9,971,000	8,980,991
Staff costs transferred to capital	(500,000)	(524,687)
Overtime	230,000	200,854
Net salary costs	9,701,000	8,657,158
Fee-paid staff	50,000	32,438
Training	120,000	83,849
Recruitment & advertising	40,000	6,952
Travel and subsistence	60,000	60,000
Total staff costs	9,971,000	8,840,397
Premises and IT costs		
Rates	121,000	129,030
Facilities management	95,000	95,752
Minor maintenance	103,000	13,194
Utilities	68,000	60,000
Carbon reduction commitment charge	5,000	3,333
Telephone charges	18,000	15,951
IT services	1,967,000	1,820,099
Office machinery	32,000	24,073
Total premises and IT costs	2,409,000	2,161,432
Other administration costs		
Catering	7,000	3,991
Conferences & stakeholder meetings	15,000	5,260
Publications	88,000	83,818
Contingency (inc. compensation)	254,000	25,901
Stationery and printing	22,000	16,771
Minor purchases	35,000	32,539
Postage	341,000	241,379
Legal costs	85,000	986
Pension schemes sanction charges	50,000	62,000
Financial and legal services - pension levy	20,000	16,201
Medical services	90,000	85,000
Actuarial services	2,148,000	1,008,000
Bank and finance charges	6,000	3,758
Project costs – backfill for Project 2017	0	143,853
Project costs - related advisory spend	279,000	519,355
Project cost – GMP	1,000,000	96,000
Project costs - IT related expenditure	150,000	89,192
Project costs – corporate governance review	0	49,000
Project costs – customer contact team	50,000	12,832
Total other administration costs	4,640,000	2,495,836
Total administration costs	17,020,000	13,497,665
Income	(230,000)	(232,383)
Net revenue costs	16,790,000	13,265,282
Depreciation	1,900,000	4,218,268
Total operating budget	18,690,000	17,483,550
Capital budget	2,000,000	1,756,000
TOTAL BUDGET	20,690,000	19,239,550

13. Table 3 shows the Agency's operating budget for 2017-18, alongside the budget for 2016-17, for comparison. The Agency's Strategic Leadership Team will review performance against this budget on a monthly basis. Quarterly performance reviews will also be considered by the Management Advisory Board and Audit & Risk Committee.

RISK MANAGEMENT

14. The Agency has been reviewing its approach to Risk Management so that it continues to reflect best practice in how it identifies, communicates, plans for and manages risk, whether immediate or longer-term. That work will come to fruition during 2017-18 and will include a Corporate Risk Register that is set out in a clearer, more accessible format - the latest iteration of which is attached as **Annex A**.
15. Each of the four pension schemes the Agency administers (NHS, Teachers', Police and Firefighters') has its own Risk Register, which is routinely considered by its respective Pension Boards. This reflects the expectations of the Pensions Regulator, and the Agency's overall approach is also being applied to each of these.

Chad Dawtry,
Interim Chief Executive,
April 2017

ANNEX A: CORPORATE RISK REGISTER

Agency Risk Register