

# Annual Governance Report 2020/21

To the Minister for the Cabinet Office,  
on the Royal Mail Statutory Pension Scheme

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Chair of the Royal Mail Statutory Pension Scheme Governance Group

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## Executive summary

During 2020/21, the Royal Mail Statutory Pension Scheme (RMSPS) has continued to build on the strong foundations put in place over the previous eight years. This has been a difficult and in many ways a different year due to the many challenges presented by the COVID-19 pandemic. I am very pleased to report that the overall service provided to the circa 372,000 RMSPS members throughout the year has been of good quality with no interruption to the services provided.

Capita took on the full administration for joint members in November 2019. In the absence of the concept of the seamless service, which was in place for these members prior to the Capita contract, a collaborative solution was designed to process these cases with the member experience the key focus. However, joint member services continued to prove administratively challenging during the first half of the year and the Cabinet Office commissioned an in-depth review of the end-to-end process to identify any improvements to the process that could be made. The review did not identify any significant inefficiencies but noted some tweaks to processes that could be made to make the process smoother. The Cabinet Office management team, Capita and the Royal Mail's Pension Service Centre continue to work closely together to manage member expectations and deliver the best possible services. The Governance Group, which is an advisory group, remains active in reviewing regular reports provided by Capita to gain assurance that service standards are acceptable.

Financially, I am very pleased to report that the actual monthly payment amounts were within 1.8% of the forecasted numbers, demonstrating the accuracy of the forecasting in the period. The administration costs were also below the budgeted amount. As in previous years, I remain very impressed with the management and financial controls in place.

Overall, the Cabinet Office scheme management team are managing the scheme to a very high standard and I would like to thank all of those involved in making the RMSPS a success in its ninth year of operation. The COVID-19 pandemic continued to influence the ways of working and I was impressed and reassured with the flexibility and continued effectiveness of the contingency plans that were adopted and became business as usual throughout the year. The business continuity plans of both the Cabinet Office and Capita have demonstrated they are operationally fit for purpose.

I continue to enjoy my role as chair of the RMSPS Governance Group, although it is the last full year that I will fulfil the role as my tenure ends on 31 December 2021. The focus over the last year has been very much on keeping service standards as stable as possible throughout the pandemic. In the coming year I look forward to the scheme continuing to provide a high level of service to members, seeking continuous improvement to services and keeping the member experience as the primary focus for the RMSPS.

A handwritten signature in black ink, appearing to read 'Alan Pickering'.

**Alan Pickering CBE**

**Chair of the Royal Mail Statutory Pension Scheme Governance Group**

# Governance Group

The RMSPS Governance Group (an advisory body) is in place to be assured of the effectiveness of the RMSPS administration. I am happy to report that it operates effectively and sits within the overall scheme governance structure. Both the Department for Business, Energy and Industrial Strategy (BEIS) and Post Office Ltd retain an interest in the RMSPS.

A review of the Governance Group was carried out during the year by the scheme manager's team with my consultation. There were a number of reasons for the review but mainly because the scheme is now well established under the Cabinet Office scheme management arrangements, following the sale of Royal Mail shares and the appointment of Capita as the third party administrator in 2018. The review looked at the roles, responsibilities and membership of the group. Within this review it was recognised that, due to the completion of the sale of Royal Mail shares, BEIS representation was no longer essential. Chris Blairs, the current BEIS representative, agreed that when his term ends in July 2021 BEIS representation on the Governance Group will end.

The group plays an integral part in engagement with the key stakeholders. It seeks assurance that a quality service is being delivered and receives feedback from scheme members, employers and other stakeholders. All stakeholders have been supportive and actively engaged throughout the year seeking to protect the interests of all RMSPS members.

Meetings are generally held every quarter, although we did not hold a meeting in April 2020 due to the introduction of the lockdown restrictions. The quarterly report was instead circulated to the group members with comments and questions invited. By July we had adjusted to virtual ways of working and conducted our subsequent meetings very successfully via virtual link up. Each quarter the group receives a scheme administration report based on the previous quarter's activities. The scheme administrator reports to the group on business as usual activity, project work and member communication and engagement, which includes website analysis. In addition, the scheme manager provides a risk report to the group highlighting the main risks of the scheme and how risks are managed and mitigated. There is always a full agenda and all members are encouraged to actively contribute in discussions. Guest speakers are often invited to cover topical issues or share knowledge and experience.

## Governance: roles and responsibilities

The bodies and individuals involved in scheme governance are set out below.

- ↘ The **Minister for the Civil Service** (currently the Prime Minister) is the scheme manager. In practice, this responsibility is delegated to the **Minister for the Cabinet Office** and the **Permanent Secretary for the Cabinet Office** and the Accounting Officer of the scheme.
- ↘ The **Cabinet Office Audit and Risk Committee** supports and advises the scheme management on all relevant matters concerning audit and risk.
- ↘ The Civil Service and Royal Mail **pensions policy, strategy and governance team** oversees the scheme management of the scheme and sits in the Chief Operating Officer Directorate of Civil Service HR within the Cabinet Office.
- ↘ The **Governance Group** is an advisory group which includes stakeholder representatives and the chair is appointed by the Minister for the Cabinet Office.
- ↘ **Royal Mail Pension Trustee Limited (RMPTL)**, the Royal Mail Pension Plan (RMPP) Trustee Executive, has continued responsibility for the ongoing Royal Mail Pension Plan and an ongoing interest in the alignment of pension administration processes and communications for joint members.
- ↘ The **Pensions Finance Governance Group** is part of the Civil Service and Royal Mail Pensions directorate. The group oversees the financial running of the scheme and provides a review of the scheme report and account and other related issues.
- ↘ The day-to-day administration of the scheme is carried out by **Capita** under a contract with the Cabinet Office. Contract management and oversight is provided by the pensions team.

## Terms of reference and meeting attendance

The terms of reference for the group have been updated following the review undertaken this year to reflect the changes to the scheme management, governance and administration services. I am pleased that the revised terms and conditions are now more representative of the scheme as it stands today. I am also assured that the original objectives for the group to be efficient, cost effective, transparent, robust and compliant with public service scheme requirements have been achieved.

Attendance at the meetings throughout the year is largely consistent, and engagement is good (see table 1 below). A member of the RMPTL also attends the meetings and provides input to ensure that service delivery to joint members is continuing to achieve good outcomes and experiences for members.

A restructure of the Civil Service and Royal Mail Office pensions team resulted from a review of Cabinet Office Civil Service HR commissioned by the Civil Service Chief Operating Officer and the Cabinet Office Permanent Secretary. This resulted in the transfer of the pension scheme operational delivery activities to the Government Business Services directorate in the summer. I am pleased that this reorganisation and the split of activities has not impacted the management of the RMSPS or the service provided to the Governance Group by the Cabinet Office. It is great testament to both directorates that business as usual has carried on efficiently and effectively despite this structural change and the unprecedented circumstances we have had to navigate this year.

**Table 1 Governance Group attendance**

Members (attendees)	Apr-20 (cancelled)	Jul-20	Nov-20	Feb-21
Chair of Governance Group		√	√	√
Treasury nominated rep		√	√	√
Royal Mail Group		√	√	√
Unite the Union		√	√	√
Post Office Ltd		√	√	
National Federation of Occupational Pensioners		√	√	√
Communication Workers Union (two reps)		√√	√	√√
Cabinet Office members (two reps)		√√	√	√√
Department for Business, Energy and Industrial Strategy			√	

## **Governance Group themes**

The RMSPS is not included in the scope of the Public Service Pensions Act 2013, however, since its inception the decision was made that the RMSPS would comply with the 'spirit' of the act. This year, our main focus has of course been to keep the delivery of services to RMSPS members on course while complying with the government's COVID-19 protocols.

Much of the content of the meetings this year has been dominated by reacting and responding to COVID-19 matters and monitoring any trends or changes to casework. Particular attention to the continued payment of pensions and the processing of bereavement cases has been very much in focus. I am pleased to report that Capita were able to continue with vital telephony call centre activity for members by quickly mobilising this facility to enable the call centre operatives to work from home.

The meetings also welcomed information about the development of member communications products and the introduction of more digital options for member services. The new communications strategy has also involved engaging with the governance group members in individual meetings to discuss what RMSPS members would value, and promote the benefits it provides. Overall, the meetings have remained aligned with the group's objectives and continued to be constructive and informative and firmly focused on the management and operation of the RMSPS for the benefit of its members.

The scheme manager engages the Government Internal Audit Agency to provide an annual audit opinion report using results of internal audit activity carried out during the year. A 'moderate' rating was given following three internal audits carried out during the year. I was grateful that the report was shared with the governance group to provide a further layer of assurance in the structured governance and oversight of the scheme.

## **Pensions Finance Governance Group**

The Pensions Finance Governance Group provides formal oversight of financial management within the Civil Service and Royal Mail Pensions directorate. It provides the Cabinet Office Audit and Risk Committee with additional assurance on the financial management of the scheme and the quality of its financial reporting.

The Pensions Finance Governance Group held one meeting during the year, with representatives from the National Audit Office, the Government Actuary's Department and the Cabinet Office pensions finance team. The group discussed the content of the governance statement and report of the manager, and the progress of the annual audit.

Although not part of my formal remit, I am assured that this group has the correct level of controls and monitors the schemes finances in the appropriate way.

# Member communications

Where appropriate, member communications were aligned with RMPP and remained relevant and effective. A monthly meeting is held to ensure this continues and that planning for future engagement and communications is shared.

Regular meetings with the individual Governance Group members and attendees take place to consider and understand member challenges in order to incorporate improvements into business as usual activity.

The following activities were completed during 2020/21:

- ✚ pension increase letters and P60s sent to all pension members in April and May 2020
- ✚ annual benefit illustrations issued to those still in active service and a current value statement issued to deferred members in September and October 2020
- ✚ updates to information about the scheme, including provision of scheme leaflets, on the RMSPS website
- ✚ inclusion of leaflets, to provide information about the new self-service portal available through the RMSPS website, with any standard member communications sent during the year

The member self-service portal is now available to all members and can be used to view pension scheme information such as personal details, pension payslips, P60s and benefit statements. This is in addition to other methods of communications such as post and call centre and there is currently no drive to move to a 'digital by default' method of communication.

## Reporting to the minister

Before 2018 I met annually with relevant Cabinet Office ministers. Sadly, for a variety of reasons and other time pressures on the minister – not least EU Exit and COVID-19 – such meetings have not taken place for the last few years. However, I do have regular meetings with civil servants at every level within the Cabinet Office and, as a result, I know that ministers are being kept up to date on the RMSPS and are aware of issues on the Governance Group's agenda. I hope to meet the minister in the near future in order to maintain the ongoing dialogue and before I hand over the chair responsibilities to my successor.

## Stakeholders

### Employers of the RMSPS

Members of RMSPS come from two main employers, Royal Mail Group and Post Office Limited, with associated employers. Both Royal Mail Group and Post Office Limited have member representatives on the Governance Group and are regarded as key stakeholders of the scheme.

A good relationship with the employers is important for the RMSPS and it is essential that we have open channels of communication with employers so that we can take early action, should any changes be planned that might impact RMSPS members. This year, these channels have again been productive in discussing the joint member services and aligning communications.

Post Office Limited has completed the transfer of its RMPP buyout policy to individual member policies and has been working closely with the unions in respect of communicating this and updating the Governance Group.

## Trade unions

There are two major trade unions that members of the RMSPS may subscribe to: the Communication Workers Union (CWU), and Unite the Union (Unite). It is understood that meetings can be requested with me at any time to discuss any matters not relevant for the formal meeting agendas. Neither of the unions requested such additional meetings, although engagement meetings to discuss communication content and channels have been hosted by the Cabinet Office with both unions. I was invited to take part in a podcast hosted by CWU as part of their communications campaign to raise awareness of the RMSPS website and online portal. This was a very welcome initiative and I was very happy to be able to contribute.

The unions and other stakeholders are aware that they can contact the Cabinet Office scheme governance manager at any time to raise members' concerns or to understand and clarify issues if needed. This is an open offer to aid collaborative working and to help quick resolution of any issues that may arise.

## National Federation of Occupational Pensioners

The National Federation of Occupational Pensioners (NFOP) is the largest occupational pensioner organisation in the UK. It provides help and support to nearly 50,000 members, of which approximately 20,000 are members of RMSPS. The NFOP is a not for profit non-political organisation, although it does lobby MPs and Peers, and regularly responds to government consultations on issues affecting older people.

The NFOP raises discussion topics and offers challenges for the Governance Group to consider, while also contributing feedback from members. The NFOP is a valued source of information from the RMSPS pensioner membership. I met with NFOP representatives once this year to discuss matters outside of the Governance Group business and as an introduction to the new CEO, Eamonn Donaghy. I know NFOP has actively engaged with the communications initiatives and fed into those via meetings with Cabinet Office colleagues.

## The Royal Mail Pension Plan

Although RMSPS is a pension scheme in its own right, there are of course still links to the RMPP through the joint member population. I am pleased to report that the positive working relationship between the Cabinet Office, Capita and RMPTL has been maintained throughout the year. The main focus this year has been developing communications to members, aligning with RMPTL for joint member communications. Regular discussions and workshops are held between Cabinet Office, Capita and RMPTL to deliver on this commitment.

Over the year the Cabinet Office teams have worked with the RMPTL on a range of joint operational areas such as:

- ↳ joint internal dispute resolution cases
- ↳ issue of benefit illustrations
- ↳ joint member experience principles

The RMPTL team's guidance, advice and support are invaluable, with the good working relationship being a significant contributory factor to the delivery of joint member services.



# Membership statistics

The RMSPS has three main types of members:

- ✚ pensioner members (who are in receipt of a pension from the RMSPS)
- ✚ deferred members (who are not yet in receipt of their pension)
- ✚ joint members (those members who remain in pensionable service within the RMPP)

The scheme also has dual status members: members with two benefits entitlements. This arose when the rules on normal retirement age (NRA) changed from 60 to 65, known as NRA60 and NRA65. Current member statistics are shown in the table below.

**Table 2 Membership numbers as at 31 March 2021**

Class of membership	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Pensioners	183,829	183,798	184,954	186,219	188,894	191,697	192,782	196,502	198,740	198,825
*Dual status pensioners	6,157	7,718	9,664	10,957	11,884	13,019	14,026	14,702	15,719	16,537
Deferred	235,837	228,745	219,855	210,855	200,975	190,757	181,840	173,324	164,500	156,197
Total	425,823	420,261	414,473	408,026	401,753	395,473	388,648	384,528	378,959	371,559

\*(Dual status pensioners have NRA60 benefits in payment and NRA65 deferred benefits)

## Administration arrangements

The contract with Capita began in October 2018. I am pleased to report that the contract governance in place operates well, and the commitments to deliver a high-quality service are key to this, with performance measures being a core part of the contract.

The contract with Capita outlines the reporting and governance arrangements for the management of the scheme administration. I am pleased to report that this provides a robust and visible framework that operates effectively. The contract also affords the scheme manager greater flexibility to drive continuous improvement and contains standard contractual penalty clauses to deter core service failures.

## COVID-19

Capita responded well in terms of activating their business continuity plans and responding to the implications of the government restrictions brought in during March 2020 due to the COVID-19 pandemic. The main priorities were the safety of staff and maintaining timely payment to members' and their families. The enquiry line was also successfully switched to operation through mobile phones for staff working at home. The Cabinet Office contract management team closely monitored the administration services and kept in regular contact with Capita. In agreement with the Cabinet Office, it was necessary for Capita to introduce business continuity priority casework management arrangements to allow focus on cases where immediate payment of benefits took priority, irrespective of other performance measures. The scheme also experienced an increase to the number of bereavement cases during the second half of the year.

## Performance and reporting

Capita produces monthly service delivery reports to the Cabinet Office contract management team which are shared with the scheme manager. These reports cover contract performance in all key areas against the contractual performance indicators. Monthly service review meetings are held with the administrator, the contract manager, the scheme governance manager and the pensions delivery team to review both the performance and quality of services under the contract. In addition, separate meetings are held to discuss risk management and financial aspects of the scheme management.

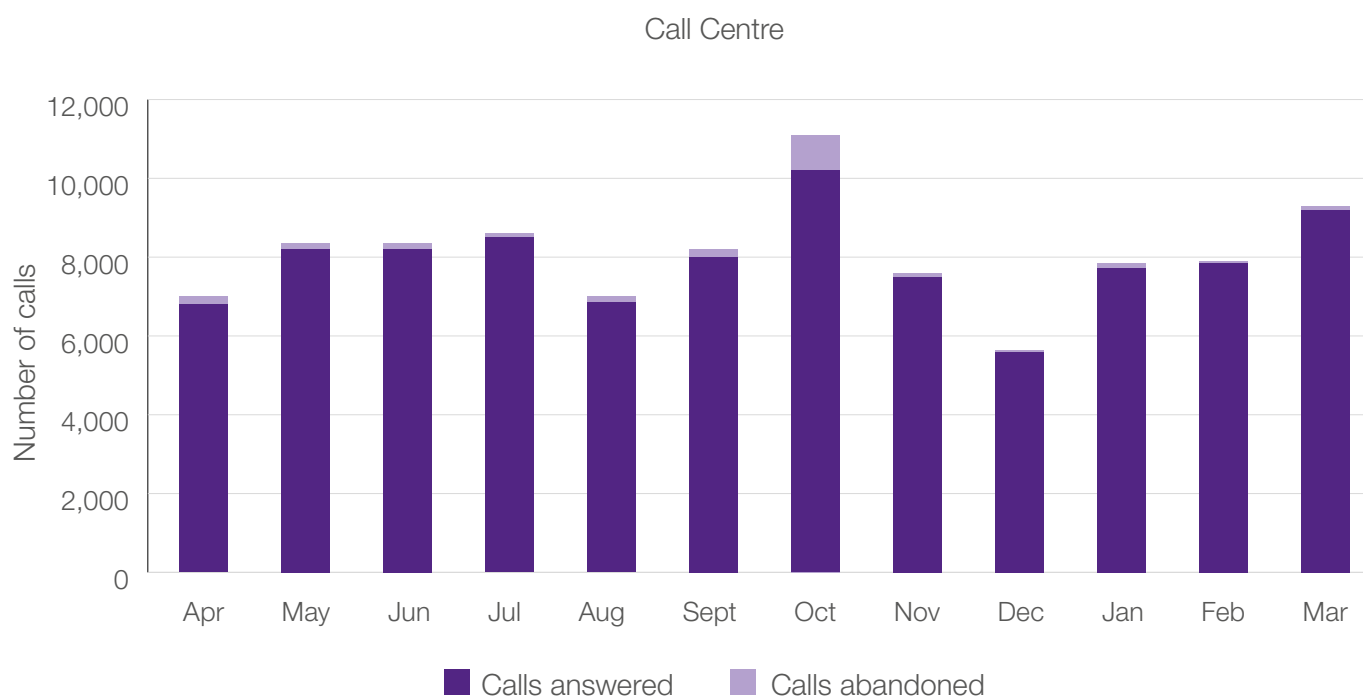
Capita also produce a full quarterly report for the Governance Group which they present at the meetings to discuss matters of concern and interest. I am happy with the format, quality and content of the report which provides me and the group with sufficient information of Capita's performance in all key service areas. It fulfils the objective to provide a full and transparent picture of scheme activity with enough clarity and detail to enable effective analysis of any trends or issues arising. It also gives sufficient assurance to myself and the Governance Group of their capability and capacity.

Capita strived to achieve the contractual service level targets and has done so in the majority of cases and in the pensioner payroll function, where in excess of 2.5 million transactions are completed each year.

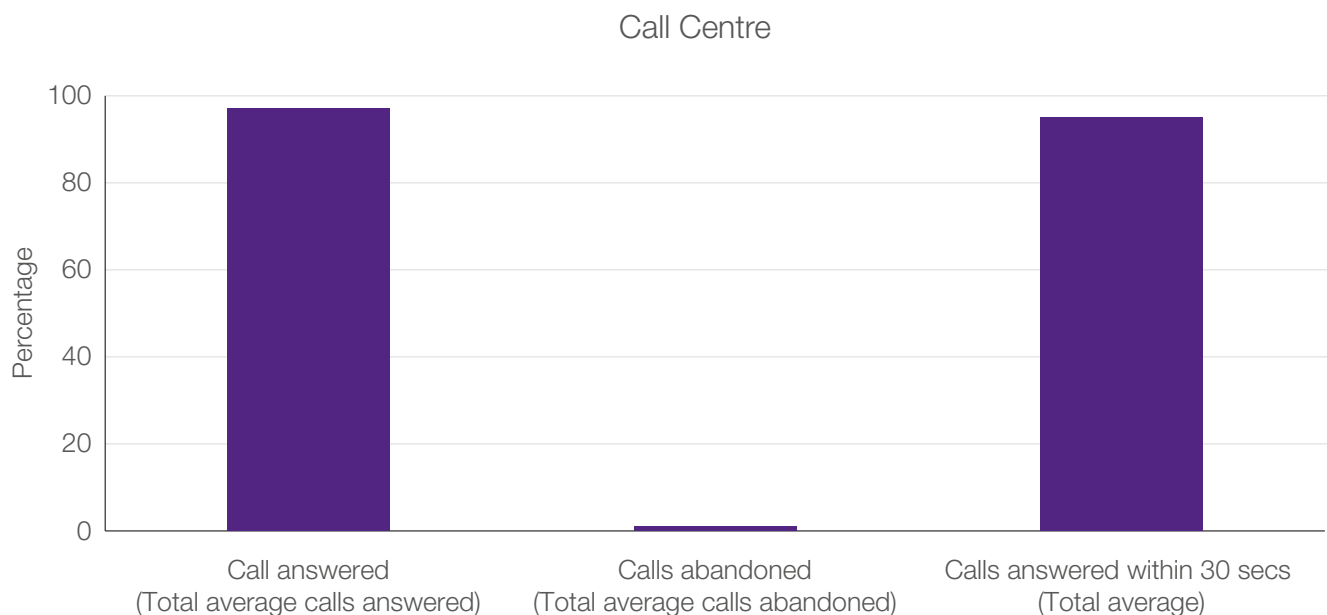
Overall performance against target service level agreements showed an improving trend in the last quarter of the year, having suffered a temporary dip over the mid part of the year. This can in part be attributed to the challenges the joint member services presented, increased work volumes and COVID-19. A stabilisation plan has been in place for the majority of the year to clear backlogs accumulated with an appropriate prioritisation order applied to take account of benefits falling due. The Governance Group has been made fully aware of the position and sighted on plans to return services to a steady state.

Call centre activity and performance continued to be high with very few abandoned calls in the period. Customer satisfaction scores of 3 or above for the last six months of the year were consistently above 98% (see tables 3 to 5 below).

**Table 3 Call centre volumes by month**



**Table 4 Call centre answer rate statistics**



Customer satisfaction score rating scale 1 to 5 (with 5 being very satisfied)

**Table 5 Customer satisfaction statistics**

Survey	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Questions asked	448	996	2,742	1,934	1,488	1,140	947	906	1,969	2,971	3,519	1,974
Number scored 3 or above	447	983	2,742	1,900	1,481	1,130	930	890	1,949	2,959	3,468	1,949
3 or above score %	99.8	98.7	100	98.2	99.5	99.5	98.2	98.2	99.0	99.6	98.6	98.7

Risk management and resourcing are closely monitored by both Capita and Cabinet Office teams. I am aware of the robust controls, reviews and management processes that are in place to keep the scheme running as smoothly and efficiently as possible.

### Overpayments

The number of overpayments and the recovery performance is a key indicator of the effectiveness of pensions administration. I am pleased to report that, as expected, the vast majority of overpayments are as a result of late notification of death, rather than a result of error (see table 6 below).

**Table 6 Overpayments as at 31 March 2021**

	Number	Value
Overpayments brought forward from 2019/20	892	£1,961,000
New overpayments in year	1,735	£695,000 (0.05% of benefits paid)
Overpayments recovered in year	1,540	£816,000
Overpayments carried forward from 2020/21	1,087	£1,840,000

The overpayments are recovered through a rolling process of recovery over a period of years and the value in the year, measured as a percentage of benefits paid, remains low at 0.06% of benefits.

The scheme manager and Capita jointly continue to develop processes to recover overpayments in an efficient and effective manner taking account of the Managing Public Money guidance published by HM Treasury. I am pleased to note that the RMSPS overpayments recovery process includes careful evaluation of each case taking individual member's personal circumstances into account. This is an area that the Governance Group has interest in and continues to monitor carefully.

## Issues

There were no significant issues reported in the financial year.

# Advisers to the scheme and their input

## Actuarial advisers

The Government Actuary's Department continues to play a key role in providing traditional actuarial services for the scheme. Their advice on a wide range of queries has been invaluable. Overall, the Government Actuary's Department has made a very worthwhile contribution to the success of the RMSPS because of their historic knowledge of the scheme.

## Legal advisers

The lawyers in HM Treasury solicitor's department (now known as Government Legal Department) provided the RMSPS with primary legal advice.

The Government Legal Department has provided an excellent legal service to the team, mainly in respect of advice on the scheme rules, overpayments and policy matters. Overall, they have made a substantial contribution to the success of the scheme.

# Casework

## Discretions

The delegated powers given to the scheme administrator remained the same throughout the reporting year. In October 2019, the casework team clarified that Capita could exercise their discretion on all cases where the death benefit lump sum payment is £1,000 or less.

The RMSPS has a wide range of discretionary powers in relation to death benefit payments. This is an area where volumes can be unpredictable, therefore assumptions are made to assist business planning. For 2020/21 an increase of 20% was forecast, based on the trend for the last six months of 2019/20. The actual experience was a decrease of 28% from the prior year. The casework team have not identified a specific reason for the decrease, but it is possibly a consequence of the split administration of joint members meaning that fewer cases breach delegated power amounts (see table 7 below).

**Table 7 Discretionary decision cases**

Month 2020/21	A	M	J	J	A	S	O	N	D	J	F	M	Total
Discretions forecast	26	41	48	47	62	51	63	40	32	42	47	34	533
Discretions actual	31	22	30	26	22	17	32	21	19	33	28	37	318
Discretions actual 2019/20	21	34	40	39	51	42	52	33	26	35	39	28	440

The transition of the joint members to Capita in November 2019 has resulted in a change to the processing of joint member discretionary cases outside of Capita's delegated authority. This joint member casework was previously led by RMPTL with decisions made jointly with the scheme manager. Following the transition, these cases are now handled by each scheme for their respective members' benefits payable, thereby aiding the efficiency of the process.

For joint member discretionary cases where power of delegation has not been given, or where the outcome may be unclear or contentious, a Joint Discretions Sub-Committee is in place to discuss and record decisions. This sub-committee is made up of members appointed from RMPTL and the scheme manager. The sub-committee was not called upon to exercise decision making on any discretionary cases during the year.

I have not received a separate audit report of discretionary decisions made by Capita this year but have obtained assurance in this area from the regular service delivery reports received and from the scheme management casework team's report on the quality of the discretions cases referred to them. I am informed that a full audit is planned for next year. There were no internal dispute resolution complaints in this area this year which indicates that a good quality service is being delivered to members.

### Complaints (internal dispute resolution)

Similar to many other pension schemes, the RMSPS operates a two-stage internal dispute resolution procedure (IDRP) for dealing with complaints. The number of stage 1 and stage 2 IDRP cases remains consistent with last year, with no specific areas of concern to report. I am pleased to report that the number of such complaints remains exceptionally low for a scheme of this size (see table 8 below).

Capita has managed to keep the level of complaints down this year, including during the early stages of the joint member transition period, when complaint levels increased slightly. I am pleased to say that appropriate priority is given to addressing all member complaints, with an effective and robust process in place that resolves the issues and prevents high numbers of complaints being escalated to the next stage.

During the year, one new case went to the Pensions Ombudsman having been through both stages of IDRP. Two cases were returned by the Pensions Ombudsman's office: one was an Adjudicator opinion that did not uphold the complaint, and the other was a determination from the Deputy Ombudsman that did uphold the complaint.

**Table 8 Total complaints received at each stage**

IDRP stage 1	IDRP stage 2	Pensions Ombudsman
15	6	2

# Financial management of the scheme

## Scheme finance

The RMSPS is the subject of a separate vote by Parliament to cover the cost of all pensions and pension related benefits. Additionally, a budget is allocated to cover the administration cost of the third party administrator, which included pension administration services, my salary, Cabinet Office team costs and the costs of advisors.

## Pension payments finance

I am pleased to see that actual payments were within 2% of the forecast and that there were no issues raised in relation to the vote (see table 9 below). The accuracy of forecasting is a difficult discipline which the scheme manages well in relation to a scheme of this size.

**Table 9 Forecast of and actual pension payments made by the scheme**

	Forecast (£m)	Actual (£m)
Benefits paid	1,469	1,441

## Administration payments

The administration budget is being declared as an underspend of £1.9 million for the full year, against a budget of £7 million (see table 10 below).

The variance between the forecasted budget and the actual spend is mainly due to the budgeted Guaranteed Minimum Pension (GMP) work not going ahead in the 2020/21 financial year. This budget has been moved into the 2021/22 financial year.

I remain impressed with the financial management and control that has been demonstrated.

**Table 10 Departmental RMSPS administration budget**

Budget (£'000)	Actual (£'000)	Variance (£'000)
7,074	5,139	1,935

# Annual accounts and external audit

The National Audit Office audit is currently underway with their conclusion due in July.

# Policy issues

Royal Mail Group reformed its pension scheme with members building up benefits in a Defined Benefit Cash Balance Scheme with effect from 1 April 2018. This has not impacted on RMSPS.

Post Office Ltd proposed moving benefits built up between April 2012 and March 2017 in the RMPP from a group insurance policy to individual pension policy arrangements with Rothesay Life. This applies to members who were employed before 1 April 2008 and were members of the Post Office section of the defined benefit RMPP, which closed in March 2017.

Section C of the RMSPS requires the GMP to be equalised. This exercise commenced in early 2021/22 with a scoping exercise to determine data cleanse activity required to undertake equalisation, and to determine if any further work is required on the GMP reconciliation and rectification exercise completed by the previous scheme administrator which is also necessary prior to equalising benefits.

# Changes to the rules

No changes to the RMSPS rules were made in the financial year and there are no changes currently planned.

# Other issues

There were no other major issues that impacted the scheme.

# Future planning

Future plans include continuing to develop the online services for the RMSPS membership while continuing to support the needs of members who do not wish to use this communication channel.

I am pleased that the collaborative partnerships that have been established continue to work well with all parties and we will continue to build on these relationships.

Delivering services that enhance the member experience will continue to be a key priority for future continuous improvement plans.

I am aware of the robust controls and risk management processes that are in place to keep the scheme running as smoothly and efficiently as possible. Effective risk management will continue to be a key focus area.

A range of internal audits are planned for the next year to further support the governance and risk management arrangements in place.

# Conclusion

I am pleased to be able to present a positive report for a year that presented a new range of challenges for the team, who continue to deliver a quality service at pace. Next year the challenge will be to improve further and offer increased digital member services within the continuous improvement plans. I am confident that the team, and everyone involved, will do their best to make the RMSPS one of the best-managed and administered public service pension schemes, and continue to rise to any new challenges that will inevitably present themselves in a scheme of this size.

# Annex A

## Terms of Reference for the Governance Group of the Royal Mail Statutory Pension Scheme (RMSPS)

Effective Date: 1 December 2020

### 1. Purpose of the Governance Group

The RMSPS Governance Group is an advisory group with the following role.

- ↘ Be informed of the administration of the RMSPS scheme and review reports on its efficiency and effectiveness to gain assurance that the scheme has the appropriate oversight, governance and controls in place.
- ↘ Reporting on feedback received from the scheme membership, (but not to deal with individual case matters).
- ↘ Be informed and consulted on communication plans with the scheme membership and other stakeholders.
- ↘ Monitor cross-scheme issues to ensure appropriate balance and collaboration is maintained in the delivery of services to joint members to achieve the best member experience.\*

### 2. Changes to the terms of reference

- 2.1 The terms of reference can be amended by agreement between the chair of the Governance Group and the scheme manager delegate (Deputy Director or Director level and Governance Group member).

### 3. Appointment and removal of group members

- 3.1 The non-executive chair of the group is appointed by the relevant Cabinet Office Minister for an agreed term which may be renewed with a maximum term length of 10 years.
- 3.2 The Governance Group will have at least one member from each of the following nominating bodies:
  - ★ Cabinet Office
  - ★ Royal Mail Group
  - ★ Post Office Limited
  - ★ National Federation of Occupational Pensioners
  - ★ Communications Workers Union (two members)
  - ★ Unite the Union
- 3.3 Members of the Governance Group will be nominated by the bodies listed but will represent the interests of all of the schemes' beneficiaries and stakeholders and not just those of the nominating body.
- 3.4 Cabinet Office will have two members one from the scheme manager's governance team and one from the pensions delivery team; alternate representation will be permitted for the Cabinet Office members. 3.5 will not apply to Cabinet Office members.
- 3.5 Governance Group members will be appointed for an agreed term which may be renewed, with an expected maximum term length of 10 years.
- 3.6 Governance Group members are expected to attend all meetings in person and there will be no alternate representation.

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\* Reference to the term seamless service is now replaced by joint member experience to describe the administration of joint member services while aligning to the seamless service commitment given by government in 2011.



- 3.7 The Governance Group will be quorate if there are at least three members present including the chair and a minimum of one member and one Cabinet Office representative.
- 3.8 Governance Group members may be removed at the decision of the chair if they fail to attend three consecutive meetings.
- 3.9 Other than for non-attendance outlined in 3.8 a member of the Governance Group may only be removed from office during a term of appointment with the agreement of all other Governance Group members.
- 3.10 Members of the Governance Group may resign from the Governance Group by giving three months' notice in writing to the chair.
- 3.11 With the exception of those nominated by Civil Service departments, members of the Governance Group will cease to be members of the group upon ceasing to be members of the nominating body. Civil servant members who change departments may continue to serve on the Governance Group to the end of their term of office at the discretion of the chair.
- 3.12 In the event of resignation or other removal, the scheme manager delegate will ensure that an alternative member is appointed within three months of the date of resignation or removal.
- 3.13 In the event of resignation or other removal, the Governance Group can continue to meet and conduct its business subject to being quorate.

#### **4. Conduct of business**

- 4.1 The chair will report the activities of the Governance Group to the membership and to stakeholders, including the relevant minister.
- 4.2 The Governance Group will meet at least quarterly. Meetings will generally be at fixed intervals, but may be moved from time to time to correspond with any significant events relating to the RMSPS, for example, a major communication with members.
- 4.3 The chair of the Governance Group may call a meeting at any time providing two weeks' notice is given.
- 4.4 It is not anticipated that there will be any sub-groups to the Governance Group but the group may invite specialists or relevant experts to attend the meeting from time to time.
- 4.5 The scheme management governance team will provide secretariat support to the Governance Group.
- 4.6 Minutes of all Governance Group meetings will be recorded. Draft minutes will be circulated to the Governance Group members by the secretariat and will be ratified by members at the next meeting.
- 4.7 Members of the Governance Group will receive induction and ongoing training on relevant subject areas. This will be included in the regular meetings.

Nominating unit	Individual	Term
Chair	Alan Pickering	To 31 December 2021
Cabinet Office	Debra Soper Dominic Arthur	N/A
HM Treasury (now independent)	Stephen Humphrey	To 31 March 2022
Department for Business, Energy and Industrial Strategy	Christopher Blairs	To 31 July 2021
Royal Mail Group	Douglas Hamilton	To 31 March 2021
Post Office Ltd	Maxine Cross	To 31 October 2021
National Federation of Occupational Pensioners	John Hearn	To 30 September 2021
Communications Workers Union (two members)	Andy Furey Katrina Quirke	To 31 December 2021 To 30 September 2021
Unite the Union	James Grime	To 31 May 2023