

# Firefighters' Pension Board Annual Return 2017-2018

# **Firefighters' Pension Board Annual Report 2017-18**

## **Introduction**

This report covers the period from April 2017 to end March 2018. This closing date matches the closing date of both the 2017-18 Annual Accounts of the scheme and the 2017-18 Annual Report and Accounts of the Scottish Public Pensions Agency (the SPPA or Agency). The SPPA has been nominated by Scottish Ministers as the Scheme Manager of the Scottish Firefighters' Pensions Schemes.

It is important to begin by placing on record the Board's appreciation of the work of the Agency's staff in supporting the Board throughout the year.

### **1. The Pension Board Purpose**

The Public Service Pensions Act 2013 required the establishment of a pension board for the Scheme with effect from 1 April 2015 with the responsibility for "assisting the Scheme Manager" in securing compliance with the regulations and other legislation relating to the governance and administration of the Scheme.

The Pension Board collectively, and members individually, are accountable to the 'Responsible Authority' and 'Scheme Manager' (ultimately Scottish Ministers) with the Cabinet Secretary for Finance and the Constitution acting as lead Minister for public sector pensions. SPPA assumes the day to day role of Responsible Authority and Scheme Manager as delegated by Scottish Ministers via the Agency Framework Document.

The Scotland Act 1998 (which established the Scottish Ministers) provides for statutory functions to be conferred on "the Scottish Ministers" collectively.

The Pensions Board has separate general pension governance and reporting duties under pension's law to the UK Pensions Regulator.

### **2. The Pension Board Role**

The Pension Board's role is to assist the Scheme Manager in a range of issues associated with the administration of the scheme. These can include:

#### **Administrative:**

- Considering quality, timeliness and accuracy of the administrative services provided to members
- Monitoring administrative processes and supporting continuous improvements
- Supporting employers and the SPPA in communicating effectively to Scheme members
- Ensuring members have access to a range of tools to improve their understanding of their pension benefits
- Ensuring scheme data is managed to the highest standards

- Ensuring compliance with The Pensions Regulator's codes of practice and oversight of interaction between the Scheme Manager and The Pensions Regulator
- Requesting reports on specific topics from the Scheme Manager – as required

**Financial:**

- Consideration of the quadrennial scheme valuations' process and progress

**Strategic:**

- Giving consideration to the future programme of service improvement at SPPA and its alignment with priorities identified by the Pension Board
- Consideration of lessons learned regarding customer complaints and Pension Ombudsman cases
- Fostering good working relationships with The Pensions Regulator and other service delivery partners
- Consideration of the annual report from The Pensions Regulator, including any responses to recommendations
- Producing an annual report outlining the work of the Pension Board throughout the scheme year
- Considering changes to Scheme Regulations

**3. The Board**

With an independent Chair and Vice Chair, the Pension Board is also made up of representatives of scheme members and the scheme employer, Scottish Fire and Rescue Service (SF&RS). For the year 2017-18, the Pension Board members were:

- Allan Martin, Chair, a pensions actuary and professional independent trustee
- Stuart Purdy, Deputy Chair, retired insurance company director
- Denise Christie, FBU nominated scheme member representative
- Alex Clark, Deputy Chief Officer, SF&RS
- Gillian Clark, Human Resources & Organisational Development Manager, SF&RS
- Alan Duncan, Accounting Manager, SF&RS
- Brian Cameron, Scottish Regional Chair of the Fire Brigade Union, joined 1 March 2018

Allan Martin, Alex Clark and Gillian Clark did not renew their tenure and left the board on 31 March 2018.

**4. Board Meetings**

The Pension Board met on four occasions, twice at the SPPA's office in Tweedbank and twice in Hamilton. The location of the meetings has been considered in detail and it has been agreed that meetings will alternate between the two places balancing external support from within the Firefighter community and gaining accessibility to

the subject matter experts at SPPA.

Details of the Pension Board membership and attendance record at meetings are set out in Annex A.

There have been no notifiable conflicts of interest recorded for Pension Board members.

## **5. IT Procurement**

In February 2018, the PS Pensions Project was prematurely terminated after major concerns were raised around delivery quality and the diminishing prospect of meeting the go-live date of October 2018. Legal discussions continue with the contractor over cause.

Meanwhile, the Agency has made considerable progress in developing an alternative means of achieving the benefits expected of the PS Pensions, working with the key incumbent supplier. These arrangements will fully safeguard all pensions administration and payroll services until 2024.

## **6. Reconciliation of the Scheme's GMPs**

Following decisions by HM Government on the cessation of contracting out, initial analysis has been carried out by an external contractor on the SPPA's GMP data for the scheme. Reconciling the GMP data of the scheme with the records held by the Department of Work and Pensions is a major exercise for the SPPA and needs to be completed by the end of 2018.

The project team continues further data analysis of scheme records. The Pension Board has considered progress on this topic at each of its meetings and will continue to monitor progress as the deadline approaches.

## **7. Scottish Public Sector Governance Review**

In 2014, the Scottish Government committed to review the effectiveness of the operation of the Pension Board and Scheme Advisory Boards. That review was commissioned, from an external consultant (KPMG), in late 2016 and reported to SPPA in January 2017. Recommendations were discussed with Pension Board Chairs and Vice Chairs in October 2017 and an action plan approved by the SPPA Management Advisory Board.

## **8. Complaints and disputes**

The tables below shows the number of formal complaints received over the scheme year. In line with the Scottish Public Service Ombudsman's best practice, complaints are largely dealt with by frontline staff; however, through SPPA's complaints procedure a total of 5 complaints were received, in terms of context, this amounts to 4.20 in 10,000 of the scheme's membership.

Complaints were generally about the customer service experienced from the SPPA

and broadly were categorised as follows:

Scheme	Total complaints completed 2017/18	% of total complaints	No of scheme members*	Number of complaints per 10,000 members	Outwith KPI	Total complaints completed 2016/17
Firefighters'	5	5%	11891	4.20	0	7

The nature of each complaint is categorised, and the number of complaints received per category is shown in the table below:

Scheme	Error	Other	Over-payment	Policy	Response Time	Standard of Service	Total
Firefighters'	1	0	0	0	1	3	5

A total of 4 Internal Dispute Resolution Procedure (IDRP) Stage 1 have been completed in 2017-18. No Stage 2 disputes received during 2017-18.

Scheme	IDRP1s completed 2017/18	% of total IDRP1s	Outwith target	Total No of scheme members*	Number of IDRPs per 10,000 members	IDRP1s completed 2016/17
Firefighters'	4	5%	0	11891	3.36	4

From 1 May 2018 the disputes procedure will move to a one stage process in line with guidance from the Pensions Ombudsman.

## 9. Liaison with SPPA / the Pensions Regulator

The Pension Board has worked closely with SPPA throughout the year. Attendance at Pension Board meetings by both SPPA senior leadership staff and by subject matter experts was particularly helpful.

The Pensions Board has not had a significant interaction with the Pensions Regulator. However, the Board did report to the Regulator the scheme's failure to meet the statutory target for issue of annual benefit statements to members. The Regulator continues to engage with SPPA about the steps being taken to improve performance. The Board keeps this issue under very active review.

## 10. Board member training and CPD

Throughout 2017-18, the Board have been updated regarding the change to the General Data Protection Regulations, Risk Management and GMP. Board members have been responsible for completing the Pension Regulator's Toolkit. Induction for new board members will take place in 2018-19.

## 11. Customer Service

All customer survey feedback received from the is analysed on a monthly basis, and areas for improvement are identified. An action log details:

- feedback received
- recommended remedial action
- updates progress made

The following actions have been completed during 2017/18:

Category	Feedback	Action Completed
Benefit Statements / Data	More explanation of terms	Frequently Asked Questions (FAQs) updated on the SPPA's website
	Timescales involved in the ABS exercise and the reasons behind these decisions <ul style="list-style-type: none"> <li>• Issue date of Annual Benefit Statements (ABS)</li> <li>• Accuracy of member data</li> </ul>	<ul style="list-style-type: none"> <li>• SPPA undertook an Annual Return campaign to assist employers and highlight timescales and obligations involved in this process.</li> <li>• A Readiness Document was posted on website for employers along with a checklist for employers, EDM Online Guide and a circular for Employers.</li> <li>• Staff have been reminded to check members' details are correct when correspondence is received.</li> </ul>
	Members not receiving an Annual Benefit Statement on time	SPPA clarified the timescales / process involved in producing the ABS within the FAQ's published on the website
My Pension	Ease of use / usability / Digital Platforms	An upgrade has now been delivered to SPPA's online services.
Website	SPPA Website not able to support different Digital Platforms / Mobile Ready	An upgrade has now been delivered to SPPA's online services.

## 12. Member appraisal and Pension Board review of effectiveness

Pension Board members are effectively appraised throughout the year. At meetings and through normal business correspondence and discussions it is clear that the whole Board is dedicated to their function and supporting member interests.

## 13. Forward Look

For 2018-19 and beyond, the Pension Board's focus will continue to be on scheme administration, governance and member communications. With particular interest in the progress of the GMP exercise, the introduction and impact of the Customer Contact Centre and the further development of the pension administration system.

Stuart Purdy  
Vice Chair Scottish Firefighters' Pension Board

### Further Information

Some relevant and useful pensions-related websites include -

SPPA web site at <http://2015.sppa.gov.uk/scheme/firefighters>

[www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk) –provides information about pensions, how to trace lost pensions and a complaints service (before consideration by the Pensions Ombudsman)

[www.pensionswise.gov.uk](http://www.pensionswise.gov.uk) - gives guidance on other types of pension arrangements

[www.moneyadvice.service.gov.uk](http://www.moneyadvice.service.gov.uk) - free and impartial money paid for by the government.

[www.unbiased.co.uk](http://www.unbiased.co.uk) – to find an authorised independent financial adviser (IFA)

[www.thepension.service.gov.uk](http://www.thepension.service.gov.uk) - helps with State Pensions, when and how much is payable.

[www.pensionsregulator.gov.uk](http://www.pensionsregulator.gov.uk) – the pension scheme watchdog (public and private sector).

### Board Membership and Attendance at Meetings 2017-18

Name	Date			
	16/5/17	29/8/17	28/11/17	6/3/18
Allan Martin	Y	Y	Y	Y
Stuart Purdy	Y	Y	Y	Y
Stephen Thomson	Y	-	-	-
Alex Clark	Y	Y	-	-
Gillian Clark	-	Y	Y	Y
Alan Duncan	Y	Y	Y	Y
Denise Christie	Y	-	-	-
Brian Cameron	-	-	-	Y

Resignations:

- Allan Martin
- Stephen Thomson
- Gillian Clark