



Scottish Public  
Pensions Agency  
Buidheann Peinneanan  
Poblach na h-Alba

# Firefighters' Pension Board

Annual Report  
2018 - 19

# **Firefighters' Pension Board Annual Report 2018-19**

## **Introduction**

This report covers the period from April 2018 to end March 2019. This closing date matches the closing date of both the 2018-19 Annual Accounts of the scheme and the 2018-19 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

**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 2018-19, the Pension Board members were:

- William Littleboy, Independent Chair
- Catherine Skinner, Vice Chair
- Denise Christie, nominated scheme member representative
- Alex Clark, Deputy Chief Officer, SF&RS
- Gillian Clark,
- Alan Duncan,
- Brian Cameron,

**4. Board Meetings**

The Pension Board met on four occasions, twice at the SPPA's office in Tweedbank and twice in Hamilton, however it should be noted that the meeting on 19 February 2018 was not quorate. The location of the meetings has been considered in detail and it was 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 continued working with the key incumbent supplier to extend the contract and safeguard all pensions administration and payroll services until 2024. The contract also continued to provide continued improvement to the current administration system.

## 6. Reconciliation of the Scheme's Guaranteed Minimum Pensions (GMP)

Following decisions by HM Government on the cessation of contracting out, initial analysis was 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 was a major exercise for the SPPA. The original end date of for the project of December 2018 was extended by HMRC and would continue through 2019.

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 throughout the course of the project.

## 7. Complaints

The tables below show 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 3 complaints were received, in terms of context, this amounts to 2.43 in 10,000 of the scheme's membership.

Complaints were in the main about the customer service experienced from the SPPA and broadly were categorised as follows:

| Scheme        | Total complaints completed 2018/19 | % of total complaints | Scheme members as at 31/03/18 | Number of complaints per 10,000 members | Outwith KPI | Total complaints completed 2017/18 |
|---------------|------------------------------------|-----------------------|-------------------------------|---|-------------|------------------------------------|
| Firefighters' | 3                                  | 3%                    | 12342                         | 2.43                                    | 1           | 5                                  |

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            | 1      | 0             | 1                   | 3     |

## **8. Risk**

Throughout the year members receive copies of the scheme specific Risk Register which includes the 'key' risk areas. Each Register provides a 'RAG' risk assessment of likelihood and impact of the short, medium and long-term threats and opportunities. Red font is used to indicate where changes have been made to the text and a movement arrow to show where a change has occurred from the last iteration. Commentary on the preparation of the Register was provided at Pension Board meetings by officials and members were invited to comment on the content of the Register.

Risk assessments are considered quarterly by the Risk Governance Group (RGG) members. A 'heat map' was used to consider the risk assessments in relation to one another. An 'assurance map' links Key Agency Outcomes to Key Risks and to levels of assurance from internal, external and independent third party sources. RGG members are invited to horizon scan to identify new risks. There was a non-executive member in attendance at all meetings of the RGG in 2018-19 to observe that a robust process of risk identification and assessment was in operation. Minutes of all the RGG meetings held throughout the year were provided as part of the agenda papers to all members of the Pension Board.

## **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 2018-19, 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 also took place during 2018-19. The board have continued to monitor both work and training throughout the year and this will be a subject for review during 2019-20.

## **11. 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.

## 12. Forward Look

For 2019-20 and beyond, the Pension Board's focus will continue to be on scheme administration, governance and member communications. With particular interest in the recent Employment Tribunal decision and the impact on pensions schemes administered by the Agency. In addition, progress of the GMP exercise, the introduction and impact of the Customer Contact Centre, the further development of the pension administration system and the restructure of the Agency under the Target Operating Model.

## 13. Pension Board Costs

The Pension Board has incurred the following expenditure over the course of the Scheme year: Fees and expenses expenditure: £2313.00

William Littleboy  
Chair, Firefighters Pension Board

### Further Information

Some relevant and useful pensions-related websites include -

SPPA web site at: <https://pensions.gov.scot/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.thepensionsservice.gov.uk](http://www.thepensionsservice.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 2018-19

| Board Member                                     | 01/05/2018 | 28/08/2018 | 4/12/18  | 19/2/19  |
|--|------------|------------|----------|----------|
|  | Attended   | Attended   | Attended | Attended |
| William Littleboy - Chair<br>(appointed 20/8/18) | -          | Y          | Y        | Y        |
| Catherine Skinner - Vice Chair                   | -          | Y          | Y        | Y        |
| Denise Christie                                  | Y          | Y          | Y        | N        |
| Brian Cameron                                    | Y          |            | Y        | Y        |
| Stephen Wright (from 1/4/18)                     | N          | Y          | Y        | Y        |
| Alan Duncan                                      | Y          | Y          | Y        | Y        |
| Iain Bushell (left 8/1/19)                       | Y          | N          | N        | -        |
| David McGown (started 1/3/19)                    | -          | -          | -        | -        |

Resignation:  
Iain Bushell – 8 January 2019