

Scottish Police Pension Scheme Advisory Board

PPS SAB 29/01/2020 – 03
Paper 1

MINUTES

Date: 26/06/2019

Location: St Andrew's House, Edinburgh

Chair: Iain Coltman (SPPA)

Attendees: Alasdair Corfield (Police Scotland)
Calum Steele (Scottish Police Federation)
Craig Suttie (Association Scottish Police Superintendents)
George Russell (Government Actuary's Department)

Officials: Peter Jamieson (Police Division)

Apologies: John MacLean (Scottish Police Authority)
Lorimer Mackenzie (SPPA)
Mhairi Kinnaird (SPPA)

Secretariat: Clare Moffat (SPPA)

1. Welcome and Introductions

1.1. The Chair welcomed board members and George Russell from the Government Actuary's Department (GAD).

2. Conflicts of Interest

2.1 No new conflicts of interest declared. The Chair confirmed that if board members have transitional pension status, that was not seen as a conflict.

3. Minutes from previous meeting/Action points

3.1 Minutes of meeting 20/03/2019 were agreed.
Action points updated:

Action ref.	Update
45	Agenda item 7
46	Closed
47	To be regular agenda item. No ideas received from SAB to date. Action closed
48	Discussed draft circulated on 20/03/2019 with several amendments proposed. SPPA to issue updated ToR for comment and approval.
49	No examples/scenarios forwarded to SPPA by SAB. Action closed

50 & 51	Agenda item 6
52	SAB discussed a review mechanism and agreed that the Police Negotiating Board (PNB) would be the most appropriate forum to consider this complex issue. Action closed.
53	The Chair summarised the advantages of a Voluntary Scheme Pays notice period deadline of 31 st January. The Board agreed, action closed.
54	The Chair presented a table to demonstrate the incremental costs of commutation factors in connection with the underpin introduced to the factors applying to England and Wales from 2015 to 2022. GAD confirmed that these factors are taken into account within valuations. Action closed.
55	SAB members confirmed that their biographies had been forwarded to SPPA. Action closed.

4. Update on *McCloud* and *Sargeant* litigation and Cost Cap pause

- 4.1 The Chair confirmed that the situation remains the same, in that the UK Government has sought permission to appeal the Court of Appeal's decision to uphold that the transitional provisions which were put in place as part of the 2015 reforms to both the Judicial and Firefighters' Pensions Schemes constitute unlawful direct age discrimination. It is anticipated that the decision on whether the UK Government is granted permission to appeal to the Supreme Court will not be made until July 2019.
- 4.2 Until this is resolved it is unclear on how the cost cap will be affected. The Chair outlined that the HMT Steering Group and Technical Sub Group are considering possible remedy options to compensate affected members active on or after 01/04/2015 and re-joiners post-2015 with entitlement to re-join the pre-2015 scheme. The Chair outlined a number of exemplar options including:
- Compensation to members
 - Returning members to previous scheme at 31/03/2015
 - One-off choice exercise
 - Statutory underpin
- 4.3 The Board discussed the merits of each option. The Chair confirmed that SPPA have asked GAD to review the cost impact of options. GAD confirmed that they are working across all schemes to illustrate the differences in the value of benefits of the old and new schemes to calculate costs. This includes working examples of scenarios reflecting illustrative career paths to show impact on members. This report will be shared when available.
- 4.4 The SAB raised concerns around costs, complexity, administration issues and risks of undermining scheme value. The Chair acknowledge the SAB's concerns and confirmed that administration representatives will participate in Technical Working Group discussions. He also highlighted the vital SAB involvement in order to overcome the challenges ahead and hoped engagement would be possible from the next meeting.

5. Legislation update

- 5.1 The Chair confirmed that SPPA are currently preparing two legislative changes affecting the Scottish Police Pensions Scheme:

IPE Regulations

As contracted out employment was abolished from April 2016 (with the introduction of the new single tier State Pension), Guaranteed Minimum Pensions (GMP) accrued for contracted out service between April 1978 and April 1997. A reconciliation exercise highlighted errors which led to the introduction of legislation that provided a new scheme award called Increased Pension Entitlement (IPE) which reflected GMP-related overpayments. SPPA consulted on this legislation in 2018 and plan to lay the regulations in October 2019.

Pension benefits for same sex partners

The Supreme Court upheld an appeal from Mr John Walker which determined that Mr Walker's husband is entitled to a survivor's pension calculated on all the years of service that Mr Walker had with his employer, Innospec Ltd, provided that they remain married at the date of Mr Walker's death.

SPPA plan to consult on this legislation in late July 2019 and lay by November 2019.

Action Point: SPPA will issue a circular this week outlining the change to pension benefit entitlements for same sex partners

- 5.2 The "Walker" amendments will include an opportunity for serving female Police Scotland officers with service pre 17 May 1990 to purchase entitlement for that service to count for survivor benefits. The SAB agreed that, as these officers are likely to be nearing retirement, administrative action should commence before the corresponding legislation is in place. SPPA confirmed that with the support of Employers they will write to each member individually with briefing provided to member representatives..
- 5.3 The Chair raised a potential legislation change for Parental Bereavement leave and pay that The UK Department for Business, Energy and Industrial Strategy (BEIS) proposed to introduce to the Scottish Police scheme by way of consequential amendments. Following discussion, the SAB agreed that the Police Negotiating Board (PNB) is the appropriate forum for this topic to be discussed and requested that the Chair formally write to the Independent Chair of the PNB to request this issue be addressed.

Action Point: The Chair to write to PNB Chair

6. Participation Rates

- 6.1 The Chair explained there were issues identified with the membership data, particularly with re-joiners, which he proposed to resolve by arranging for SPPA to meet representatives who are working with the newly implemented consolidated, single payroll system at Police Scotland.
- 6.2 It was agreed that the SAB would support joint working to establish a suite of statistics for publication on a regular basis.

Action Point: SPPA to arrange meeting with Police Scotland payroll

7. UK Police Pensions Consultative Forum

7.1 The Chair explained that the UK Police Pensions Consultative Forum (PPCF) was established after the PNB disbanded its UK-wide forum. The SAB anticipated that the PPCF would likely lead the remedies for McCloud/Sargeant outcome and address issues around AA etc., which would require lengthy discussions and highlighted the value of the PPCF to ensure UK-wide involvement. The Board agreed that summary updates on the work of the SAB could be provided by SPPA to the UKPPCF.

8. Any Other Business

Report on Public Service Pension Tax Working Group

8.1 The Chair introduced the Public Service Pensions Tax Working Group assessment of potential flexibilities in pension schemes to assist with managing pension growth within the Annual and Lifetime Allowances (AA and LTA). The group discussed the paper and its three recommended options:

- Member choice to restrict final salary protection
- Member choice to vary accrual of CARE benefits
- Member choice to continue life, health assurance and family benefit protection without further member accrual.

Action Point: SPPA to circulate paper by email for SAB to consider and advise if further discussion or action is required

Legacy payroll administration issues – promoted officers

8.2 Members highlighted an issue across three legacy forces (Fife, Lothian & Borders and Central) identifying inconsistencies of pay for officers who were promoted from Constable to Sergeant and from Inspector to Chief Inspector, with potential implications for pensions. Members were unable to confirm the scale of the errors but advised that the issues run as far back as 2004. SPPA confirmed that where arrears of pay are identified, pensions may require adjustment. Employer representatives agreed to investigate the issue and return to the SAB if appropriate.

9. Dates of future meetings

9.1 The next meeting will be held on Thursday 26/09/2019 in Room GE.05 at St Andrew's House, Edinburgh, 10 am – 12 noon.

**These minutes were approved on 29 January 2020 as a correct record
of the meeting held on 26 June 2019.**

Scottish Police Pension Scheme Advisory Board

Action Ref.	Action	Action Owner and date raised	Latest position	Status
59	SPPA to circulate Tax Working Group paper by email for SAB to consider and advise whether further action is required	SPPA 26/06/2019		New
58	SPPA to arrange meeting with Police Scotland payroll	SPPA 26/06/2019		New
57	Chair to write to PNB Chair re. Parental bereavement	SPPA 26/06/2019		New
56	SPPA to issue circular outlining changes to pension benefit entitlements for same sex partners	SPPA 26/06/2019		New
55	SAB members to provide short biography by 17/05/2019 for SPPA website	All 20/03/2019	26/06/2019 SAB confirmed - biographies sent to SPPA	Closed
54	Investigate additional costs of change to commutation factors (E&W underpin)	SPPA 20/03/2019	26/06/2019 IC presented underpin table with GAD input	Closed
53	SPPA to draft Voluntary Scheme Pays paper	SPPA 20/03/2019	26/06/2019 Agreed 31 st January as notice date of AA charge	Closed
52	SPPA to consider injury benefit review	SPPA 20/03/2019	26/06/2019 Chair to raise with PNB	Open

51	SPPA to check source data in relation to Q2 18/19 joiners	SPPA 20/03/2019	26/06/2019 Agenda item 6	Open
50	SAB members to provide thoughts on participation issues by 17/05/2019	All 20/03/2019		Open
49	SAB members to provide examples for case studies by 17/05/2019 to highlight issues	All 20/03/2019	26/06/2019 No examples received. Verbal update provided by IC	Closed
48	SAB Terms of Reference are reviewed for approval at the next SAB	All 15/11/2018	26/06/2019 Discussed draft changes and agreed further updates. SPPA to reissue updated ToR for comment and approval	Open
47	Send ideas and suggestions on training and conference topics to the Chair	All 15/11/2018	26/06/2018 Regular agenda item going forward. SPPA currently recruiting Head of Governance – possible conference late 2019	Closed
46	SPPA to draft the board's recommendation and circulate for review	SPPA 15/11/2018		Closed
45	SPPA to report to SAB on UK-wide public sector AA Group	SPPA 02/10/2018	26/06/2019 Agenda item 7	Open

44	SPPA to set out landscape and consider how (or if) this current AA service delivery can be secured – whether a change in regulations or a circular is necessary.	SPPA 02/10/2018	SPPA to include in forthcoming consultation to scheme amendments	Closed
43	SPPA to provide summary of Governance Review recommendations and implementation progress	SPPA 02/10/2018	Verbal update at SAB 15/11/2018.	Closed
42	SAB to send any calculations requests to SPPA, to co-ordinate, for GAD to action before next meeting.	All 02/10/2018		Closed
41	SAB to provide Chair with summary of key points for consideration within communications of benefit changes to rectify cost cap breach, outlining content, channels and timings.	All 02/10/2018		Closed
40	SPPA to issue Participation Rates paper	SPPA 20/9/2017	SPPA issued draft paper to SAB 28/09/2018, noting further investigation required on impact of auto-enrolment in October 2017.	Closed
39	Members to provide comments on options for rectification of cost cap breach by next meeting (02/10/2018)	All 20/09/2017		Closed
38	SPPA to consider options for contributions	SPPA 20/09/2017		Closed

37	GAD to consider most efficient way to review rectifying options: - provide figures to demonstrate impact of options - show interaction between different rectifying measures	GAD 20/09/2017	Letter from GAD to SPPA dated 02/10/2018 shared with SAB.	Closed
36	Further information of the draft employer charter and its remit to be shared	SPPA 30/10/17		Closed
35	Board members to provide a view on chairing arrangements to SPPA by 20 November 2017	All 30/10/17		Closed
34	Provide link to online tPR training	SPPA 30/10/17		Closed
33	Board members to consider any views on the employee contribution structure from April 2019	All 30/10/17		Closed
32	SPPA to review opt out forms	SPPA 30/10/17	Ongoing action - SPPA Customer Services are gathering more data with aim to focus on clear questioning to support a mechanism which encourages members to remain in the Schemes.	Closed
31	SPPA to consider funding position for SAB commissions of actuarial advice	SPPA 30/10/17		Closed
30	Members to provide comments on draft assumptions for 2016 valuation	All 30/10/17		Closed
29	Staff side to write to set out position on PPS Commutation	SPF/ASPS	Letter from SPF to SPPA dated 12/12/2016	Closed

28	SPPA to issue amended Governance review letter to board	SPPA 01/09/2016		Closed
27	SPPA to condense previous papers on commutation and transfers issue to the board	SPPA 01/09/2016	Issued 13 September 2016 in advance of SAB of 8 December 2016	Closed
26	Employer reps to take forward the issue of gathering participation rate information from the employer HR/payroll systems	SJH/JM 01/09/2016	Payroll teams issue monthly data to SPPA Policy. PS/SPPA Technical Working Group established	Closed
25	Chad Dawtry and Peter Jamieson to discuss this further (Briefing for PNB)	SPPA 02/03/2016	Chair met PNB Chair. Secretariat to make arrangements	Closed
24	SPPA to issue presentation to the group, and any queries should be sent to SPPA	SPPA 02/03/2016	Issued 04/03/16	Closed
23	Any comments on summary of regulations document, send to SPPA	SPPA 01/12/2015	None received	Closed
22	Secretariat to make arrangements for future meetings and issue calendar invites	SPPA 01/12/2015	Secretariat to arrange next 2 meetings (Dec and March 17)	Closed
21	SPPA to liaise with Home Office in the first instance (cross border transfers)	SPPA 01/12/2015	SPPA wrote to HO and DoJNI.	Closed
20	Scottish Government Officials discuss restricted commutation with colleagues and provide comments to SPPA in first instance	John Nicholson 01/12/2015		Closed

19	SPPA to discuss the issue of participation rates with organisers of the Pension Board to ensure consistency	SPPA 01/12/2015		Closed
18	SPPA to include relevant examples of scheme pays in their communications	SPPA 01/12/2015	Information available on SPPA website	Closed
17	SPPA to liaise with Ops to establish working times re estimates	SPPA 01/12/2015	Operations aware of the potential increase in estimate requests. Any issues with delivery would be an issue for the Pension Board	Closed
16	SPPA to draft circular for board members	SPPA 01/12/2015	Published	Closed
15	SPPA to draft executive summary of Home Office document of known work on the regulations	SPPA 01/12/2015	Issued at meeting 8/12/2016. SPPA to reissue 30/10/17	Closed
14	Any comments on the communication of consultations to be sent to SPPA	SPPA 01/12/2015	None received	Closed