

Scottish Firefighters' Pension Scheme Advisory Board

MINUTES

Date: 7 February 2020

Location: St Andrew's House, Edinburgh

Chair: Jim Preston (SPPA)

Attendees: Brian Baverstock (Scottish Fire and Rescue Service)
Ramona Coxall (Scottish Fire and Rescue Service)
Nicola Hector (Scottish Fire and Rescue Service)
Chris McGlone (Fire Brigades Union)
Gordon McQuade (Fire Brigades Union)
Glyn Morgan (Fire Officers' Association)
Sean Starbuck (Fire Brigades Union)

Observer: Claire Hey (Local Government Association)

Scottish Government/Scottish Public Pensions Agency Officials:

Iain Coltman (SPPA)
Stuart MacArthur (SPPA)
Claire McGow (SPPA)
Tom Nash (SPPA)
Derek Smith (SG)

Apologies: George Russell (GAD)

Secretariat: Clare Moffat (SPPA)

1. Welcome and introductions

1.1 The Chair welcomed everyone to the Scheme Advisory Board (SAB) meeting and led introductions for the benefit of new member, Brian Baverstock (SFRS), and introduced Tom Nash (Head of Business Affairs, SPPA) and Stuart MacArthur (Governance Manager, SPPA).

2. Conflicts of interest

2.1 No new conflicts of interest declared.

3. Minutes and actions of previous meeting

3.1 FBU asked for amendments to minutes of meeting held 24/10/2019:

- references to staff members to be amended to FBU
- edit 6.3
- rewording of 6.7.

Action Point
SPPA to amend and circulate minutes of 24 October 2019

3.2 Action points updated:

Action ref.	Update
52	Closed
51	Closed SPPA has had contact from members who thought they should have had a split pension. SPPA Customer Services are dealing with cases as they arise.
50	Closed Raised and under consideration with HMT TWG
49	Closed Circulated 08/11/2019
48	Closed As AP 51 - actioned
47	Closed Action complete

4. Regulations update

4.1 The Chair confirmed that the planned regulations amendments introducing Increased Pension Entitlement covering GMP related overpayments had been passed and were now in force.

5. Participation rates

5.1 The Chair introduced paper 2 *Scheme participation rates 1 April 2016 – 30 September 2019*. The group discussed the continued trend for lower paid firefighters opting out. SPPA outlined steps taken by other pension schemes, namely:

- members of the Scottish Police Pension Scheme must request an opt out application from SPPA and when doing so, SPPA use an opt out checklist to ensure that the members are aware of the implications of opting out
- the Scottish Teachers' Pension Scheme (STPS) replaced tick boxes on the opt out form with a comments box to encourage more detail from members for analysis

Action point
SPPA to circulate opt out checklist for consideration
SPPA to share outcome of STPS opt out comments when analysis available (Nov 2020)

6. Pensionable pay

6.1 The Chair outlined that the regulations are unclear on the treatment of acting up and temporary promotions emoluments and subsequently legacy payroll areas had treated

pensionable pay differently. SAB considerations of this matter had been put on hold in 2016 pending the wider agreement of a single service terms and conditions. SFRS requested clarification on this issue to ensure a consistent and proportionate approach.

- 6.2 SPPA referred to paper 4 *Pensionable Pay* which explained that amendments were made to the 1992 and 2006 English regulations in July 2013 which provided that new cases of temporary promotions on or after 1 July 2013 can only be treated as pensionable at Fire and Rescue Authority (FRA) discretion under Additional Pension Benefit (APB) arrangements. This removes the need to consider splitting the member's pension.
- 6.3 SFRS confirmed that consolidation to a single payroll has removed previous inconsistencies across legacy areas. The group agreed that current practise of applying split pension calculations means pensionable pay is for temporary promotions is fairly captured. The Chair highlighted that this is inconsistent between the 1992 and 2006 schemes and with English regulations although confirmed that the SAB need not follow their example. FBU stated their initial position is to refuse changes which would not benefit their members but agreed to consider the paper further and offer a view at the next meeting.

Action Point

FBU to consider pensionable pay proposal and offer view at next meeting

- 6.4 The group discussed the unintended consequences of historic structural change and there was a need to protect the provision of temporary promotion with the introduction of a clear definition of the period which should be deemed temporary.

7. Update on Sargeant

- 7.1 The Chair introduced the HM Treasury's Working Proposals to address the unjustified age discrimination in the transitional arrangements to the 2015 pension schemes and outlined the two lead proposals for discussion and comment:
 - i. Deferred choice underpin - this would give all members in scope a choice at retirement to be calculated on the basis of pre-2015 (old) or post-2015 (new) scheme benefits
 - ii. Immediate choice – this would give all members in scope an immediate choice upfront of whether they wished their benefits for the remedy period to be on the basis of old or new scheme service.
- 7.2 The Chair outlined that a number of key issues remained under consideration, such as the impact of tax, so a full consideration would not be possible until the formal consultation is issued by HMT. The paper aims to get initial views on the initial proposals which will then inform the formal consultation. The Chair also added that the outcome of the current cost cap pause and the planned future review of this mechanism will also factor into any choice on the remedy.
- 7.3 The group discussed the complexities of choice exercises for the member and the administrator. The group agreed to consider options further at the next meeting, which should be scheduled after and informed by the English SAB technical group discussions (which some SAB members will attend) on 11 and 26 February 2020.

8. AOB

- 8.1 The group noted that the Chair, Jim Preston, is retiring at the end of February 2020 and thanked him for his support and valuable contribution over the years.

9. Future meeting dates

- 9.1 SPPA will circulate a note to gather available dates for week commencing 2 March 2020.

Action point

Secretariat to gather availability for week commencing 2 March 2020

**These minutes were approved on 2 March 2020 as a correct record
of the meeting held on 7 February 2020.**

Scottish Firefighters' Pension Scheme Advisory Board

Action Ref.	Action	Date raised	Latest position	Status
57	Secretariat to gather availability for week commencing 2 March 2020	2020/01 07/02/2020		New
56	FBU to consider pensionable pay proposal and offer view at next meeting	2020/01 07/02/2020		New
55	SPPA to share outcome of STPS opt out comments when analysis available (Nov 2020)	2020/01 07/02/2020		New
54	SPPA to circulate opt out checklist for consideration	2020/01 07/02/2020		New
53	SPPA to amend and circulate minutes of 24 October 2019	2020/01 07/02/2020		New
52	Secretariat to arrange next meeting for January 2020	2019/01 24/10/2019		Closed
51	SPPA to notify Customer Services of possible split pension entitlements	2019/01 24/10/2019	SPPA has had contact from members who thought they should have had a split pension. SPPA Customer Services are dealing with cases as they arise.	Closed
50	Chair to request early consideration of ill-health cases	2019/01 24/10/2019	Raised and under consideration with HMT TWG	Closed
49	SPPA to review opt out data, amend report then circulate to SAB members by email	2019/01 24/10/2019	Circulated 08/11/2019	Closed

48	SPPA to review split pension calculations to date	2019/01 24/10/2019	As AP 51 - actioned	Closed
47	SPPA to amend minutes of 11/12/2018 before publishing on website	2019/01 24/10/2019	Completed	Closed
46	GAD to provide figures to illustrate comparisons of member with reduced accrual rate of 1/56.3 to increase commutation to 20:1 against member with improved accrual rate of 1/52.6	2018/06 11/12/2018	No longer required – remedy paused	Closed
45	SAB to consider default and choice options and provide any comments to SPPA by CoP 23/11/2018. Following review of feedback received 23/11/2018, another meeting should be scheduled if agreement is not reached.	2018/05 14/11/2018	Actioned - meeting scheduled for 14/12/2018	Closed

<p>44</p>	<p>GAD to provide costings on variety of options before next meeting on 14/11/2018:</p> <p>(a) increase CARE accrual rate to 1/52.6 to rectify cost cap (default option)</p> <p>(b) reduce member contributions by 5.2% of pay to rectify cost cap</p> <p>(c) (i) increase CARE accrual rate to rectify ¾ of cost cap breach (3.9%) and reduce member contributions to rectify ¼ of cost cap breach (1.3%)</p> <p>(ii) increase CARE accrual rate to rectify ½ of cost cap breach (2.6%) and reduce member contributions to rectify ½ of cost cap breach (2.6%)</p> <p>(iii) increase CARE accrual rate to rectify ¼ of cost cap breach (1.3%) and reduce member contributions to rectify ¾ of cost cap breach (3.9%)</p> <p>(d) offer members a choice* of:</p> <p>(i) continue current member contribution with increased accrual rate of 1/52.6 (i.e. pay the same for improved benefits), or</p> <p>(ii) reduce member contribution by 5.2% and maintain accrual rate of 1/61.6 (i.e. pay less for same benefits)</p> <p><i>* based on confirmation that this could not be excluded from any contribution reduction under the terms of the directions</i></p> <p>(e) Increase CARE commutation rate from 12:1 to 20:1 (40% of cost cap breach) and increase CARE accrual rate to level necessary to rectify remaining cost cap breach (approx. 60%)</p>	<p>2018/04</p>	<p>Actioned</p>	<p>Closed</p>
<p>43</p>	<p>SPPA to add review of contribution rates from April 2018 to Work Plan</p>	<p>2018/03</p>	<p>Actioned</p>	<p>Closed</p>
<p>42</p>	<p>GAD to summarise worked examples if accrual rate is adjusted to 52.6 by next SAB meeting on 01/11/2018.</p>	<p>2018/02</p>	<p>Actioned</p>	<p>Closed</p>

41	GAD to provide figures to illustrate impact of options available to re-set the cost cap: <ul style="list-style-type: none"> with worked examples of lower range earner, mid-range earner and higher earner, and also how increasing the accrual rate may affect the impact of the AA 	2018/01	Actioned	Closed
40	SPPA to circulate Scheme Participation rates quarterly.	2017/13		Closed
39	SAB to make any comments on proposed changes to restricted commutation within 21 days	2017/12	Actioned – SPPA to issue formal response	Closed
38	SPPA to locate historic FPC papers on abatement	2017/11	Unable to locate – for discussion	Closed
37	SAB to pass any comments on the draft amendment order by 8 November 2017	2017/10	Actioned	Closed
36	SPPA to issue details of the Police pension scheme contribution rates	2017/09	Actioned	Closed
35	SPPA to request modellers from GAD to see if contribution tiers could be flattened.	2017/08	Ongoing – to be discussed	Open
34	SPPA requested any comments on the proposed change to the IDR process by sent to Lorraine Gallagher	2017/07	Actioned	Closed
33	GAD asked that any comments on the assumptions be fed back to SPPA by 17 November	2017/06	Actioned	Closed
32	SPPA to investigate and report back to the group regarding funding for SAB actuarial and legal advice	2017/05	Carry forward	Open
31	SPPA and SG colleagues to meet and discuss proposals for change to SFRS so that consequential pension costs can be assessed	2017/04	ongoing	Open
30	SPPA to investigate if data can be broken down to include the number of members in each scheme	2017/03	Actioned and will be included in all participation data	Closed

29	Clarify guidance regarding quorum to SAB within TOR and report findings to the group	2017/02	Actioned	Closed
28	Secretariat to amend the attendees listed in the minutes	2017/01	Actioned	Closed
27	Secretariat to email the group to advise when minutes have been published to website. Added to open action 2015/7	2015/27	Actioned	Closed
26	SPPA to discuss communications issues with Operations directorate although this is the area of work for Pension Boards.	2015/26	On-going if required	Closed
25	FBU to write to SPPA to request further investigation on club transfers into the modified scheme and will also engage methods to provide figures of affected members to SPPA.	2015/25	On-going	Closed
24	SPPA have given agreement to investigate issues surrounding transfers from 2006 to the 2015 scheme.	2015/24	Awaiting further paper from FBU	Closed
23	FBU to provide comments on the pensionable pay and this item will be carried forward to the agenda for the next meeting.	2015/23	On hold at FBU's request	Open
22	Finalised draft member communication will be shared by SPPA with FBU relating to contracting out.	2015/22	Issued	Closed
21	Updated Action Log will be issued to members proceeding meetings.	2015/21		Closed
20	Holding lines relating to 18-20 issue to be refreshed on the web	2015/20		Closed
19	Ensure all members of the group have been issued with the slide presentation.	2015/19		Closed
18	Chad to feed back to the group the parties who were involved in the customer service review	2015/18		Closed
17	SPPA/SG to establish what participation data is currently provided by SFRS.	2015/17		Closed

16	SPPA to advise the group of the position with the Police scheme regarding removable allowances.	2015/16	Actioned	Closed
15	SPPA to confirm details of when refunds are expected to commence and how tax relief payments to HMRC will be managed	2015/15	Actioned	Closed
14	Chair to continue discussion with SAB member regarding potential conflict of interest	2015/14	Actioned	Closed
13	Secretariat to send a list of proposed dates in September	2015/13	Actioned	Closed
12	FBU to provide a paper to the Scheme Advisory Board on the issue of 2006 transfers into the 2015 scheme	2015/12	Issued – further action in AP 2015/24	Closed
11	SPPA to organise training session on regulations	2015/11	Actioned	Closed
10	Agenda's to be published on the SPPA website	2015/10	Actioned	Closed
9	Minutes to be actions/outcomes based.	2015/09	Completed	Closed
8	Secretariat to circulate draft media and publications policies to SAB members for comment once drafted.	2015/08	Actioned	Closed
7	Secretariat to ensure that approved agendas, minutes and Work Plan are shared with the Pension Board and published on the SPPA website, as appropriate.	2015/07	On-going Minutes to be approved by SAB prior to publishing	Closed
6	SPPA to publish the 2012 valuation report and supporting papers on the SPPA website	2015/06	Actioned	Closed
5	SPPA to provide answers to questions raised, for example through discussion with GAD	2015/05	No questions	Closed
4	Board members to submit questions on the valuations, the associated published papers or the presentation to the secretariat	2015/04	No questions	Closed

3	Members to provide views on need to have standing orders as part of the meeting process.	2015/03	Members to discuss Agenda item	Closed
2	Future meetings to be located in Edinburgh	2015/02	Secretariat will arrange	Closed
1	SPPA to organise and agree background scheme briefing for members	2015/1	Actioned	Closed