

# Scottish Firefighters' Pension Scheme Advisory Board

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FPS SAB 10.09.2020 – 03

Paper 1

## MINUTES

**Date:** 2 March 2020

**Location:** St Andrew's House, Edinburgh

**Chair:** Tom Nash (TN) (SPPA)

**Attendees:** Brian Baverstock (BB) (Scottish Fire and Rescue Service)  
Ramona Coxall (RC) (Scottish Fire and Rescue Service)  
Nicola Hector (NH) (Scottish Fire and Rescue Service)  
Chris McGlone (CMcG)(Fire Brigades Union)  
Gordon McQuade (GMc) (Fire Brigades Union)  
Glyn Morgan (GM) (Fire Officers' Association)  
Sean Starbuck (SS) (Fire Brigades Union)  
George Russell (GR) (GAD)

**Observer:** Claire Hey (CH) (Local Government Association) by telephone

### **Scottish Government/Scottish Public Pensions Agency Officials:**

Iain Coltman (IC) (SPPA)  
Stuart MacArthur (SMac) (SPPA)  
Claire McGow (CMc) (SPPA)  
Derek Smith (DS) (SG)

**Apologies:** Clair Alcock (CA) (Local Government Association), Clare Moffat (CM) (SPPA)

**Secretariat:** Claire McGow (SPPA)

## **1. Welcome and introductions**

1.1 The Chair welcomed everyone to the Scheme Advisory Board (SAB) meeting and for the benefit of the audio conference led introductions round the room.

## **2. Conflicts of interest**

2.1 No new conflicts of interest declared.

## **3. Minutes and actions of previous meeting**

3.1 Minutes of 24/10/2019 and 07/02/2020 agreed.

Action points updated:

Action ref.	Update
56	<b>Open</b> - FBU to consider pensionable pay proposal and offer view at next meeting
55	<b>Open</b> - SPPA to share outcome of STPS opt out comments when analysis available (Nov 2020)
54	<b>Closed</b> – new action point created for SPPA to discuss possibility of an opt-out checklist similar to the police scheme with customer service team and feedback to SAB
53	<b>Closed</b> – minutes agreed

#### 4. Addressing Age Discrimination in the transitional arrangements to the 2015 Pension Schemes HM Treasury Working Proposals

- 4.1 SS gave an overview of how discussions had progressed with the English SAB, noting there is little information on which to base a decision. Whilst initial, non-binding preference is for Deferred Choice there is concern about the default statutory position on “Remedy Period” scheme membership. Returning 2006 scheme transition members to the legacy scheme for the Remedy period causes issues as the contribution rates are lower than the 2015 scheme. The concept of a hybrid ‘third’ option was therefore raised.
- 4.2 SS added that the worked examples showed that the majority of 1992 transition members are better off in the legacy 1992 scheme but 2006 transition members are potentially better off in the 2015 scheme.
- 4.2 IC commented that whilst the default position appeared to be for individuals to be placed in legacy the scheme, the understanding was that these schemes would be amended to provide for an underpin to 2015 scheme benefits to allow a the member to choose those benefits if they considered them to be more favourable.. SS wondered if there would be any scope for adjustment to the options as the deferred option brings problems around contributions. Options for pension credit or debit adjustments were discussed.
- 4.3 GM agreed that it is difficult to make a decision when the end of the remedy period is unknown and no information on tax consequences. The deferred is the ‘safer’ option.
- 4.4 SS also asked what would happen if someone refused to make an immediate choice on the grounds of insufficient information. IC advised that GAD had offered to provide a specification to Police SAB about the content of an Immediate Choice Option and this could be shared if helpful.
- 4.5 SAB discussed two questions with unknown answers 1) Is there a legal position of what constitutes ‘enough information’ to make a decision? and; 2) What are the ‘online tools’ that HMT discuss in Paragraph 51 of their paper? Who will develop and own these tools?

#### **Action** – SPPA to raise at next HMT Technical Working Group

- 4.6 GM asked if there would be capacity at SPPA to administer with the immediate choice option. IC pointed out that whilst the agency did have corporate experience of administering choice exercises for specific schemes, the prospect of undertaking an exercise for all schemes was clearly challenging, as was communicating this to all members. The Chair

advised that he had made enquiries to HMT about a centralised administration or call handling service, and currently HMT did not recognise the need for one.

- 4.7 Immediate detriment case handling was discussed, for those pension events since 2015 that would need to be revisited, such as death in service or ill health. SFRS are already following the ill health guidance that was distributed by the LGA. However it was noted that it could be a big administrative challenge for the service and SPPA.
- 4.8 The question of impact on scheme costs was raised under the two choices. GR pointed out that employer costs had already been adjusted to take into account provisional costs for McCloud, and adjustments would be made following the next valuation. Work is underway at SFRS to forecast pension and lump sum costs. GAD is considering McCloud impact forecasting for Police and SPPA could request similar for the Firefighter schemes.
- 4.9 SAB were asked how they wished to feedback to HMT. It was agreed a response should be drafted from the SAB along the same lines as the English SAB. It was noted that the English worked examples would not be of any use due to the difference in the early retirement factors and accrual rate. GAD agreed to provide some examples.

**Action** – SPPA to draft a response taking in all major concerns and issues. This will be shared with SAB electronically in the first instance by Wednesday 18 March 2020.

**Action** – GAD to provide worked examples for the response

## 5. AOB

- 5.1 CMcG advised SAB that the FBU ballot on the SFRS pay proposal had concluded and had been rejected by members. This could lead to a spike in retirements. IC asked what happens now that the offer has been rejected. CMcG confirmed that pay would now default back to the National Joint Council (NJC), which will be a 1.9% increase from July 2020.

## 6. Future Meeting Dates

- 6.1 SPPA to look at scheduling a provisional meeting for w/c 23 March 2020. This will be on a needs basis and decided upon collectively if it is to go ahead.

**Action** – SPPA to provide dates and gather availability for possible meeting

**These minutes were approved on 10 September 2020 as a correct record  
of the meeting held on 2 March 2020.**

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<b>62</b>	Secretariat to gather availability for week commencing 23 March 2020	2020/02 02/03/2020		New
<b>61</b>	GAD to work with SPPA to provide worked examples for the response to HMT.	2020/02 02/03/2020		New
<b>60</b>	SPPA to draft a SAB response to HMT for SAB comment by Wed 18 March 2020.	2020/02 02/03/2020		New
<b>59</b>	SPPA to discuss possibility of introducing a check list similar to the police for potential opt outs	2020/02 02/03/2020		New
<b>58</b>	SPPA to raise questions at next HMT Technical Working Group	2020/02 02/03/2020		New
<b>57</b>	Secretariat to gather availability for week commencing 2 March 2020	2020/01 07/02/2020	Actioned	Closed
<b>56</b>	FBU to consider pensionable pay proposal and offer view at next meeting	2020/01 07/02/2020	Leave open for discussion at next meeting	Open
<b>55</b>	SPPA to share outcome of STPS opt out comments when analysis available (Nov 2020)	2020/01 07/02/2020		Open
<b>54</b>	SPPA to circulate opt out checklist for consideration	2020/01 07/02/2020	New action to be created for SPPA to discuss with customer services for next meeting	Closed
<b>53</b>	SPPA to amend and circulate minutes of 24 October 2019	2020/01 07/02/2020	Actioned	Closed

<b>52</b>	Secretariat to arrange next meeting for January 2020	2019/01 24/10/2019	Actioned	Closed
<b>51</b>	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
<b>50</b>	Chair to request early consideration of ill-health cases	2019/01 24/10/2019	Raised and under consideration with HMT TWG	Closed
<b>49</b>	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
<b>48</b>	SPPA to review split pension calculations to date	2019/01 24/10/2019	As AP 51 - actioned	Closed
<b>47</b>	SPPA to amend minutes of 11/12/2018 before publishing on website	2019/01 24/10/2019	Completed	Closed
<b>46</b>	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
<b>45</b>	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

44	<p>GAD to provide costings on variety of options before next meeting on 14/11/2018:</p> <p><b>(a)</b> increase CARE accrual rate to 1/52.6 to rectify cost cap (default option)</p> <p><b>(b)</b> reduce member contributions by 5.2% of pay to rectify cost cap</p> <p><b>(c) (i)</b> 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><b>(ii)</b> 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><b>(iii)</b> 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><b>(d)</b> offer members a choice* of:</p> <p><b>(i)</b> continue current member contribution with increased accrual rate of 1/52.6 (i.e. pay the same for improved benefits), or</p> <p><b>(ii)</b> 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><b>(e)</b> 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>	2018/04	Actioned	Closed
43	SPPA to add review of contribution rates from April 2018 to Work Plan	2018/03	Actioned	Closed
42	GAD to summarise worked examples if accrual rate is adjusted to 52.6 by next SAB meeting on 01/11/2018.	2018/02	Actioned	Closed

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

<b>29</b>	Clarify guidance regarding quorum to SAB within TOR and report findings to the group	2017/02	Actioned	Closed
<b>28</b>	Secretariat to amend the attendees listed in the minutes	2017/01	Actioned	Closed
<b>27</b>	Secretariat to email the group to advise when minutes have been published to website. Added to open action 2015/7	2015/27	Actioned	Closed
<b>26</b>	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
<b>25</b>	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
<b>24</b>	SPPA have given agreement to investigate issues surrounding transfers from 2006 to the 2015 scheme.	2015/24	Awaiting further paper from FBU	Closed
<b>23</b>	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
<b>22</b>	Finalised draft member communication will be shared by SPPA with FBU relating to contracting out.	2015/22	Issued	Closed
<b>21</b>	Updated Action Log will be issued to members proceeding meetings.	2015/21		Closed
<b>20</b>	Holding lines relating to 18-20 issue to be refreshed on the web	2015/20		Closed
<b>19</b>	Ensure all members of the group have been issued with the slide presentation.	2015/19		Closed
<b>18</b>	Chad to feed back to the group the parties who were involved in the customer service review	2015/18		Closed
<b>17</b>	SPPA/SG to establish what participation data is currently provided by SFRS.	2015/17		Closed



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

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