



Scottish Public
Pensions Agency
Buidheann Peinneanan
Poblach na h-Alba

Pension Board Annual Report 2019-20

Scottish Firefighters Pension Scheme

28th September 2020



Contents

1. The Pension Board Purpose and Role	3
2. Yearly Update from the Independent Chair	4
3. Year End Summary of Customer Metrics.....	5
3.1 Scheme Membership	5
3.2 Customer Contacts	5
3.3 Year-on-Year Key Performance Indicators (2018-19 vs 2019-20)	6
3.4 Complaints.....	6
3.5 Year End Annual Benefit Statement Update	7
3.6 Year End Update on Reconciliation of Scheme's Guaranteed Minimum Pension (GMP)	7
4. Governance	8
4.1 Meetings and Attendance	8
4.2 Membership changes to Pension Board	8
4.3 Pension Board Costs.....	8
5. Forward Look 2020-21	9

1. The Pension Board Purpose and Role

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 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 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 from 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 consultations
- Producing an annual report outlining the work of the Pension Board throughout the Scheme year

A terms of reference is maintained by the Pension Board.

2. Yearly Update from the Independent Chair

Writing this update towards the end of September, as I am, it is easy to forget that the figures reflected in this report relate almost entirely to a pre-COVID era. They show that, broadly, the right members have received the right pensions at the right time and that they have received service that has given prompt response and resolution to members' enquiries. As an independent Chair these two dimensions are ones to consider critically when asking questions about how well we are actually doing.

Pre-lockdown this was achieved in the context of modest scheme growth whilst implementing some significant enhancements to the Members Self-Service portal (MSS), changing the customer service model and completing the reconciliation of Guaranteed Minimum Pension records. The lockdown brought huge challenges above these to both SPPA and SFRS, including the adaption of all business processes to a working-from-home environment.

That this has been achieved with small observable disturbance to Members and the Board reflects very well on all involved. I would cite the constructive and collaborative relationship between SPPA and SFRS as a key component in allowing such fundamental change as effectively as was done.

The situation continues to evolve and it is too early to assess what further change is needed to achieve a sustainable operational model in this different risk environment. The Board is alert to this and will continue to assist all parties in any further adaptations that may become necessary.

William Littleboy
Independent Chair

3. Year End Summary of Customer Metrics

3.1 Scheme Membership

	2018/19	2019/20
Members	5,902	6,368
Pensioners	5,800	6,015
Deferred	1,158	3,219

3.2 Customer Contacts

KPI's	Target	Total Volume	2019/20
Answer call within 60 seconds	90%	85,473	68.72%
Email reply within 24 hrs	90%	53,828	45.02%
First call resolution	80%	81,158	82.02%
Positive customer satisfaction	80%	1,432	88.76%

Telephony statistics	2019/20
Inbound	85,473
Average time to answer	00:01:20
Average duration	00:04:12
Abandoned	4084

Website	2018/19	2019/2020
Total views	12,874	16,903
Calculator views	15,699	13,987

3.3 Year-on-Year Key Performance Indicators (2018-19 vs 2019-20)

Key Performance Indicators	Target	Volume	2018/19	Volume	2019/20
New Awards (Timeliness)	98%	239	100%	253	100%
New Payments Accuracy	95%	302	95.52%	415	97.01%
Death in Service	98%	7	85.71%	4	100%
Death in Pension/ Retirement	98%	60	98.33%	53	96.23%
Transfer Value In (quote)	100%	59	98.31% (100%)	43	97.67% (97.67%)
Transfer Value In (actual)	90%	45	93.33%	57	77.19%
Transfer Value Out (quote)	100%	11	63.94% (100%)	14	100% (100%)
Transfer Value Out (actual)	100%	4	100% (100%)	6	100% (100%)
Estimates	90%	440	95.68%	361	95.29%
Divorce CETV	100%	38	100%	30	100%
Divorce PSOD	100%	2	100%	14	100%
Refunds	97%	1	100%	0	-
Ministerial replies	100%	0	-	0	-
Annual Statements	100%	5520	100%	6050	100%
Annual allowance	100%	72	100%	79	100%
Records Maintenance errors	95%	0	100%	0	100%
Records Maintenance up to date	97%	6231	99.66%	6347	99.89%

3.4 Complaints

Complaints	2018/19	2019/20
Received	3	11
Upheld	1	3
Partly upheld	1	3
Not upheld	1	5
KPI	66.67%	90.91%

3.5 Year End Annual Benefit Statement Update

Building on lessons learned from previous years ABS exercises, the Agency succeeded in delivering the best result, for the delivery of ABS to qualifying members, to date.

Postal ABS were issued by 31 August 2019 to active members of the Scottish Fire & Rescue Service Scheme.

The results achieved were as follows:

Scheme	ABS Produced	Issued On Time
Fire	6,050	100% Issued On Time

3.6 Year End Update on Reconciliation of Scheme's Guaranteed Minimum Pension (GMP)

Work continues to complete the reconciliation of the record of members contracted out periods of employment with those held in HM Revenue and Customs.

The Board received routine updates on planning and progress from Viv Purves, the Project Manager, throughout the year.

The Board appreciated that the impact of the repeated delays of the arrival of the Final Data Cut (FDC), from HM Revenue and Customs, was causing SPPA to have to re-schedule project plans, setting back their planning of the rectification phase of the Project. With the initial expectation being that the FDC was to arrive in April 2019, considerable reorganisation was required when the delivery date transpired to be February 2020. The Board were however pleased to hear that this additional period was made best use of and that focus was turned to casework that will result in the reduction of stalemate cases.

Reconciliation:

As at the end of the financial year 2019/20 the Project team had achieved a completion rate for reconciliation, based on all HMRC responses to queries raised, of 97.7%.

The Board were concerned to hear that when the FDC was eventually received by the Agency, in February 2020, SPPA's contractors identified unexpected inconsistencies in the GMP value on records.

The contractors therefore carried out additional data sampling, using the HMRC 'GMP checker' (an HMRC system for use by pension administrators at 'life events'), and established that the FDC included incorrect values. As a result the contractors developed a data validation process which will ensure that correct GMP values are used in all rectification cases.

Rectification:

The rectification of Firefighters pensions (i.e. the creation of an 'Increased Pension Entitlement' and correction of GMP values) was completed in February 20. Any remaining cases to be rectified will be wash up cases and underpayments. No further action will be required by SPPA at this point until analysis of the FDC and GMP checker is complete. The remaining rectification cases will be actioned in early 2021.

4. Governance

4.1 Meetings and Attendance

During the 2019-20 scheme year, the Pension Board met on four occasions at the SPPA's Tweedbank office. Details of the Pension Board members' attendance at meetings are set out below.

Name of Pension Board Member	31/05/2019 Meeting not quorate*	20/08/2019	19/11/2019	12/02/2020
	Attended	Attended	Attended	Attended
William Littleboy - Chair (from 1/8/18)	Y	Y	Y	Y
Catherine Skinner - Vice Chair	Y	Y	N	Y
Denise Christie	N	Y	N	Y
Brian Cameron	N	Y	Y	Y
Alexander Miller (01/08/2019)	n/a	N	Y	Y
Stephen Wright	Y	Y	Y	Y
Alan Duncan	N	Y	Y	Y
David McGown (started 1/3/19)	N	Y	N	N
Ross Haggart (started 1/3/20)	n/a	n/a	n/a	Y (observer)
*Meeting cancelled by Chair, but Chair/Vice Chair + one member attended SPPA				

4.2 Membership changes to Pension Board

The table below summarises the joiners and leavers to the Pension Board membership over the year

Firefighters - leavers	Starters
David McGown (employer) resigned 12/2/2020	Alexander Miller (member) 1/8/19
Catherine Skinner - Vice Chair (from Police) resigning from 16/5/20	Ross Haggart (employer) 1/3/20

4.3 Pension Board Costs

The Pension Board has incurred £760.80 of fees and expenses over the course of the year

5. Forward Look 2020-21

As with so many other aspects of our lives these circumstances offer the opportunity to extend online service delivery far deeper. In particular the active promotion of Member Self-Service and a service model based more upon online enquiry and webchat rather than letters and phone calls offers much.

The closure of the office and distribution of work to people's homes represents a major change to the operational risk profile of the Scheme. All parties should remain alert to the effectiveness of the control environment in managing this new profile of risks. The Board has a critical oversight role here.

As more clarity emerges over the consequences of the McCloud Sargent judgement investments may be needed to develop appropriate new services to assist members. Again appropriate oversight is important.

This report was approved by the Scottish Firefighters Pension Board at its meeting on 5 November 2020.