

Scottish Firefighters' Pension Scheme Advisory Board

MINUTES

Date: 16 March 2021

Location: Microsoft Teams

Chair: Tom Nash (SPPA)

Attendees: Brian Baverstock (BB), Scottish Fire and Rescue Service
Ramona Coxall (RC), Scottish Fire and Rescue Service
Robert Fornear (RF), (GAD)
Chris McGlone (CMcG), Fire Brigades Union
Gordon McQuade, Fire Brigades Union
Glyn Morgan (GM), Fire Officers' Association
Anne-Marie Pettie (AP), (GAD)
George Russell (GR), (GAD)

Scottish Government/Scottish Public Pensions Agency Officials:

Iain Coltman (IC), SPPA
Claire McGow (CMc), SPPA
Lorna Smith (LS), SG SCD: Fire & Rescue Unit
Molly Wyllie (MW), SPPA

Observer: Clair Alcock (CA), Local Government Association

Apologies: Nicola Hector (NH), Scottish Fire and Rescue Service
Claire Hey (CH), Local Government Association
Stuart MacArthur (SM), SPPA
Mark Rowe (MR), Fire Brigades Union
Derek Smith (DS), SG SCD: Fire & Rescue Unit
Sean Starbuck (SS), Fire Brigades Union

Secretariat: Clare Campbell, SPPA

1. Welcome

1.1 The Chair welcomed everyone to the Scheme Advisory Board (SAB) meeting and noted apologies.

2. Conflicts of interest

2.1 No new conflicts of interest declared.

3. Minutes and actions of previous meeting

3.1 Minutes of the interim meeting on 23 February 2021 were agreed as accurate.

Action points updated:

Action ref.	Update
65	Secretariat to issue ill health modeller and GAD presentation slides to board members - Closed

Please note that the Chair switched agenda items 4 and 5 in order for the Provisional Cost Cap Results to be discussed first.

5. Provisional Cost Cap Results

- 5.1 GR apologised for the late distribution of papers ahead of the meeting, the draft HM Treasury Cost Cap Directions having only been made available for circulation to the SAB on Friday 12 March, and acknowledged that it had not left the board sufficient time fully to analyse the findings. He then invited RF to begin his presentation on the Cost Cap Directions and a series of slides were presented to the group.
- 5.2 GR then presented a series of slides on the Provisional Cost Cap Results, confirming that the provisional results are those that GAD expect to quote in their final valuation report subject to three key factors (that there are no changes to the draft HM Treasury (HMT) Directions, SPPA decides they are content with using 2016 valuation data to identify members in scope for the McCloud remedy and that SPPA decides to adopt assumptions in line with GAD recommendations, having consulted the SAB).
- 5.3 GR stated that the provisional results highlight a ceiling breach of 13.7% above the employer cost cap. This would result in scheme benefits being unchanged as HMT are intending to waive the ceiling breach.
- 5.4 The Chair thanked both RF and GR for their presentations and invited any questions.
- 5.5 IC confirmed that if HMT are to waive the ceiling breach the schemes are required to consult on this. Further discussions on the viability of a consultation are to be held and SPPA will ensure the SAB is kept updated.
- 5.6 CMcG enquired as to whether the change in liabilities cost of £90 million quoted in the slides was comparable to the figures the English Fire schemes have received. GR noted that while the corresponding Fire England figures have not yet been finalised he believed they would be pro rata comparable.
- 5.7 CA stated that the English results have not yet been released but expects them to be available at the FPS (England) SAB meeting on Thursday 18 March 2021. CA also enquired as to how the change in liabilities cost would be met. RF confirmed that these costs will feed in to the 2020 valuation process, which will determine the scheme contributions payable from 1 April 2024, but how exactly they are met will be the decision of HMT, based on the HMT directions which will apply to the 2020 valuations.
- 5.8 The Chair asked if the schemes may be required to absorb the £90 million cost and RF reiterated that GAD are unsure how the costs will be met but any discussions on funding will be for HMT and SG to take forward.

- 5.9 IC highlighted the corrected employer contribution rate payable from 1 April 2019, which was included in the pre McCloud remedy valuation calculations. This means that the rate currently applicable would offset a proportion of the costs relating to the McCloud remedy.
- 5.10 BB asked if HMT concede that, if scheme members must cover the cost of McCloud (through the operation of the cost cap), would this be notional with the Fire Schemes left to pay the actual consequential costs. RF stated that the cost cap mechanism was not built to absorb such large costs and is currently under review. IC stated that he was not aware of any HMT commitment to cover the cost of McCloud but they had, previously, committed to contributing towards the costs of the change in the SCAPE discount rate as this produced higher contribution rates. This was included in the Barnett Consequentials. LS confirmed that SG would cover whatever the cost.
- 5.11 GM asked if HMT waive the 2016 ceiling breach and it carries over to the 2020 valuation will another breach be waived again or will the cost then be absorbed by the members. GR stated it was not possible to answer this at the moment and reiterated that a cost cap review has begun, which will feed in to the 2020 valuation process.
- 5.12 BB raised concerns regarding workforce planning ahead of the remedy implementation in April 2022. There are concerns that the service may lose key personnel due to an increase in retirements around this date rather than moving to the CARE 2015 scheme and he does not feel there would be sufficient time to make transitional arrangements ahead of this. IC noted that GAD have investigated retirement patterns and these will be included in their recommended assumptions for cost cap purposes. IC also acknowledged that workforce planning is a critical issue that SPPA are willing to work with employers on.
- 5.13 RC confirmed that SFRS have undertaken an exercise to review potential retirement numbers ahead of the scheme changes in 2022. CMcG and IC both highlighted that it would be useful to have sight of the outcome of this exercise. RC agreed to inform those leading the exercise that SPPA have offered their assistance.

4. Update on HMT Age Discrimination Remedy

- 4.1 IC confirmed that SPPA are working with HMT and relevant Whitehall departments to ensure there is alignment on any issues and the SAB will be kept updated.
- 4.2 IC stated that as previously noted, work on the immediate detriment cases is on hold as advised by HMT and this remains in place. IC is expecting further guidance on this matter in the next few weeks.
- 4.3 IC confirmed that the SPPA website has been updated to include a dedicated remedy webpage and the FAQs contained on this will be continually reviewed and updated. The Chair then provided the group with a [link](#) to the relevant page on the website for information purposes.

6. AOB

- 6.1 IC confirmed that SPPA hoped to be in a position to share the draft GAD report setting out GAD's recommendations on data/methodology/assumptions for cost cap purposes with the SAB shortly and if the group have any questions arising from these they are to contact either himself or TN directly.

- 6.2 The Chair asked the group to consider whether they wished to formally write to HMT to seek clarification on their position regarding the liabilities cost being carried forward to the 2020 valuation and whether the ceiling breach would be waived once again. GM stated that as it was an important issue he believed HMT should be asked for clarification on the possible impact.

Action: SAB to write to HMT to seek clarification on possible impact of any 2020 cost cap breach.

7. Dates of future meetings

- 7.1 The Chair proposed that the SAB now move back to its more regular schedule of meetings. A provisional timeframe of 8 weeks before the next meeting is held was suggested and SPPA will be in touch in due course regarding arrangements.

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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
32	SPPA to investigate and report back to the group regarding funding for SAB actuarial and legal advice	2017/05	Carry forward	Open
35	SPPA to request modellers from GAD to see if contribution tiers could be flattened.	2017/08	Ongoing – to be discussed	Open
55	SPPA to share outcome of STPS opt out comments when analysis available (Nov 2020)	2020/01 07/02/2020	Trial, this is where the Teachers scheme were collecting individual reasons for opt out. Time consuming and onerous. Not adopting this process.	Open
56	FBU to consider pensionable pay proposal and offer view at next meeting	2020/01 07/02/2020	SPPA to be notified of outcome of negotiations by 01/01/2021 This refers to temp promotions and bringing Scottish regulations in line with English amendment order (2013). (see note in chair's brief).	Open
66	SAB to write to HMT to seek clarification on possible impact of any 2020 cost cap breach.	2021/02 16/03/2021	Letter issued 6 April 2021, no reply to date.	Open