

Scottish Police Pension Scheme Advisory Board

MINUTES

Date: 21/08/2020

Location: Webex

Chair: Iain Coltman (SPPA)

Attendees: Alasdair Corfield (Police Scotland)
Calum Steele (Scottish Police Federation)
Craig Suttie (Association Scottish Police Superintendents)
John MacLean (Scottish Police Authority)

Adviser: George Russell (Government Actuary's Department)

Officials: Stuart MacArthur (SPPA)
Claire McGow (SPPA)
Peter Jamieson (Police Division)
Marie Swinney (Police Division)

Apologies: Mhairi Kinnaird (SPPA)
Tom Nash (SPPA)

Secretariat: Clare Moffat (SPPA)

1. Welcome and Introductions

1.1. The Chair welcomed board members, officials and George Russell (GAD) and all confirmed their agreement with terms outlined in the guidance for virtual meeting previously circulated.

2. Conflicts of Interest

2.1 No new conflicts of interest declared.

3. Minutes from previous meeting/Action points

3.1 Minutes of meeting 29 January 2020 were agreed.
Action points updated:

Action ref.	Update
44	Remains open to ensure updates shared No decision from UKPPCF and SAB (England & Wales) AA discussions, Chair to circulate any updates re. taper review
45	Closed UK-wide AA group no longer meet.
48	Open Revised ToR circulated for approval 19 August 2020 – further feedback welcome.

	Concerns noted that quorum could allow for SAB to form a view with only one representative from membership. Chair confirmed that advice to Ministers would only be completed with views of all members. Note to be added to ToR to reflect this.
58	SPPA to seek update from Payroll Technical Working Group
60	Closed
61	Closed
62	Closed
63	For discussion – agenda item 6
64	Closed

4. McCloud consultation

- 4.1 Following member representative request, it was agreed that this item would be discussed at the end of the meeting.
- 4.2 The Chair also noted the member representative's view of the ongoing consultation's close links with cost cap mechanism and asked members to consider if they would prefer to respond to consultation unilaterally or by organisation/group, outlining that HM Treasury are planning to collectively engage with UK SABs soon. Member representatives confirmed their view that cost cap discussion is central to their consultation views and that the SAB should issue its own response to Minister.

5. 2016 Valuations – cost control mechanism

- 5.1 The Chair introduced the *Update on the Cost Control Element of the 2016 Valuations* and GAD explained the background and outlined that the UK government have lifted the pause on the cost control mechanism and that any costs incurred to address the discriminations are to be treated as member costs.
- 5.2 GAD confirmed HM Treasury will provide Directions which set out the technical detail of how these costs should be taken into account in the cost control element of the valuations process. GAD expect that they will undertake the revised calculations in early part of 2021 which may impact member benefits if the cost cap remains breached but employer contribution rates will remain at their current level until March 2023. Following the completion of the 2016 valuations process, the next valuations have an effective date of April 2020 and will set the employer contribution rate from April 2023, will incorporate costs incurred to address the discriminations as well as any changes resulting from GAD's review of the cost cap framework by GAD.

6. Eligibility for ill health benefits on auto-enrolment

- 6.1 The Chair introduced *Automatic re-enrolment –eligibility to ill health benefits* arrangements to the 2015 pension schemes and outlined the items for consideration.
- 6.2 Member and employer representatives confirmed agreement of the approach taken by the Metropolitan Police to enrol members on full contributions, pending medical assessment,

consistent with the interim approach taken by Police Scotland in July 2020. This would apply at both automatic re-enrolment and on elective re-joining. At auto re-enrolment a strict reminder exercise should be undertaken to officers to ensure they comply with the medical requirements with a maximum of 3 reminders being issued. If no response is received the contributions are reduced and ill health cover withdrawn.

6.2 The Chair asked the board to also consider providing members with a choice to unlink any previous deferred membership and outlined an example case to demonstrate the issue before inviting views from the group.

The board noted the complexity of the individual circumstances surrounding these cases and agreed that this issue required further investigation and thought before reaching a decision.

7. Scheme participation rates

7.1 The Chair summarised the information to 30 June 2020 from the short participation paper circulated. Scheme membership remains consistent since Q1 2018 at just over 88%. The Chair added that of the 13520 members in 2015 CARE scheme, 5500 (41%) may be entitled to return to NPPS 2006 scheme and 4300 (32%) to the PPS 1987 scheme following McCloud changes.

7.2 The Chair confirmed that 2030 officers re-enrolled in July 2020 and of that, less than 1% have 30 years+ service. It is understood that around 40% of those 2030 re-enrolled are seeking to immediately opt out based on opt out form requests. More detail will be available after the August payroll cycle.

7.3 The group discussed the potential impact of a loss of scheme revenue resulting from reduced membership and raised concerns on the sustainability of the scheme. GAD agreed to investigate workings from England & Wales colleagues which could be considered for the position of the Scottish scheme and potential effect on budgets.

Action point: SPPA/GAD to produce paper on scheme financing, potential risks and sustainability considering participation rates

7.4 Employer representatives confirmed their commitment to improving participation rates and highlighted the need for detailed analysis to address this. The Chair outlined further detail should be available once action to address the issues with the reconciliation of data is completed (as detailed in outstanding action point 58) and confirmed that SPPA are committed to discussions with Police Payroll to resolve this.

7.4 The group discussed emerging risks from change following McCloud and the SAB's role will be around member communications to take the opportunity to outline the merits of the 2015 scheme and how Pension Boards will be involved.

7.5 The Chair drew the board's attention to Annex A.43-47 Contingent Decisions on page 36 of HM Treasury's consultation document affecting members who chose to opt out of the reformed schemes. The SAB should consider this for future discussion.

Calum Steele left the meeting.

8. Legislation update

8.1 The Chair confirmed SSI 2020 No. 33 was laid February 2020 which addressed minor changes to scheme. Provisions were also adapted to suspend abatement for those in service during Coronavirus pandemic and HMRC have adjusted tax provisions until 1 November 2020. No urgent legislation changes are currently outstanding.

9. AOB

9.1 SG Police Division raised a question about changes to survivor benefits within SSI 2019 No. 68 The Police Pensions Amendment (Miscellaneous Amendments) (Scotland) Regulations 2019. This followed a recent enquiry to the Minister on a cohabiting partner's survivor injury benefit entitlements following an officer's death from Coronavirus.

Action point: SPPA to circulate an update to member representatives.

McCloud consultation

The board agreed to discuss agenda item 4: McCloud consultation and GAD's *Briefing on McCloud consultation*. GAD explained the 12-week consultation is open until 11 October 2020 and seeks feedback on UK government's proposals for removing the discrimination identified in the 2015 reforms and covers all public service pension schemes in the UK, with the exception of schemes covered by Northern Ireland Executive and the judicial and local government pension schemes. Separate consultations will be carried out for these schemes.

The consultation proposes that eligible members will be given the option to choose between their legacy and reformed CARE scheme benefits for the period between 1 April 2015 and 31 March 2022. Eligible members are those who were in service on or before 31 March 2012 and on or after 1 April 2015 including those with a qualifying break in service of less than 5 years. All active members will accrue benefits in reformed CARE scheme with effect from 1 April 2022.

GAD invited questions from the group and agreed to prepare additional specific officer examples to assist their workforce and financial planning.

Action point: GAD to produce specific examples for Police Scotland officers before 8 September 2020.

GAD confirmed contribution adjustments will be required due to the varying levels of member benefits in the different schemes raising technical implications with tax and annual allowance.

Employer representatives expressed concerns around the administration of the remedy, possible impact on SPPA's service delivery and support available to members at the time the choice is made. The Chair advised SPPA are appointing a project manager to oversee the management of this complex piece of work and expects stakeholder engagement once the programme board is in place.

The Chair thanked GAD for the helpful overview and confirmed that SPPA will liaise with HM Treasury which has offered to chair a meeting with England and Wales on proposals.

10. Dates of future meetings

The Chair proposed the next SAB meeting be scheduled after cross-UK meeting.

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Action Ref.	Action	Action Owner and date raised	Latest position	Status
67	SPPA to circulate an update to member representatives	SPPA 21/08/2020		New
66	GAD to produce specific examples for Police Scotland officers before 8 September 2020.	GAD 21/08/2020		New
65	SPPA/GAD to produce paper on scheme financing, potential risks and sustainability considering participation rates	SPPA/GAD 21/08/2020		New
64	Secretariat to gather availability for end of March 2020	SPPA 29/01/2020		Closed
63	Employer to confirm view on internal process for eligibility to health benefits	SPPA 29/01/2020	Discussed 21/08/2020 Further investigation required	Open
62	SAB to provide comments on working proposals to Chair by 31/03/2020 at latest	SPPA 29/01/2020		Closed
61	SPPA to circulate Chair's summary table of HMT working proposals	SPPA 29/01/2020		Closed

60	Chair to investigate role of Scottish representatives at England and Wales technical group	SPPA 29/01/2020		Closed
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	Circulated 01/07/2020	Closed
58	SPPA to liaise with Police Scotland payroll to resolve data gathering issues	SPPA 26/06/2019	Discussed 21/08/2020 - ongoing	Open
57	Chair to write to PNB Chair re. Parental bereavement	SPPA 26/06/2019	Letter sent 19/07/2019 Discussed 07/10/2019	Closed
56	SPPA to issue circular outlining changes to pension benefit entitlements for same sex partners	SPPA 26/06/2019	Circular issued 26/06/2019 Consultation ended 27/01/2020	Closed
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	29/01/2020 Chair raised with PNB 07/10/2019	Closed

51	SPPA to check source data in relation to Q2 18/19 joiners	SPPA 20/03/2019	Ongoing – action point 58	Closed
50	SAB members to provide thoughts on participation issues by 17/05/2019	All 20/03/2019		Closed
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	Close
48	SAB Terms of Reference are reviewed for approval at the next SAB	All 15/11/2018	21/08/2020 Discussed draft changes and agreed further updates. SPPA reissued revised ToR for comment. SPPA to note all member views required before advice to Ministers.	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	21/08/2020 UK-wide AA group no longer meet.	Closed

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	Re-opened 29/01/2020 Chair to circulate updates.	Open
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