



Scottish Public
Pensions Agency
Buidheann Peinneanan
Poblach na h-Alba



Scottish Firefighters Pension Scheme

Pension Board Annual Report 2020-21

This report was approved by the Scottish Firefighters Pension Board at its meeting on 9 November 2021



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1. The Pension Board Purpose and Role

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 Pension Board's role is to assist the Scheme Manager in a range of issues associated with the administration of the Scheme.

2. Introduction

This report covers the main work of the Scottish Firefighters Pension Board (the “Pension Board”) from 1 April 2020 to 31 March 2021.

More detailed information about the Pension Board, including its Terms of Reference, membership, agendas and minutes of its meetings are available on SPPA’s website. [Pension board | SPPA \(pensions.gov.scot\)](https://www.pensions.gov.scot/pension-board)

3. 2020-21 Update from the Independent Chair

I wrote last year of the problems associated with moving the administration of the pension fund to a new model in order to address the risks brought about by the pandemic. Both SPPA and SFRS responded very well to these challenges and implemented changes to working practices and processes that stood up well in the circumstances. So far as the Board can tell the right people continue to get the right pensions at the right time to a high level of accuracy and reliability.

To some extent the period covered by this report corresponds to the period of operation so far under lockdown and with no phone service for members. We observed there was a necessary fundamental change in the nature of service to online webchat rather than voice. Whilst performance metrics show the response time to increasing numbers of emails compared to standards set the Board remains concerned that this might not be an appropriate indicator of how well we are actually doing. In theory this service model should operate well with the enhancements to the Members Self Service portal but we are unsure about the level of uptake amongst members. Consequently the Board has asked SPPA (and receives) direct customer feedback to try and assess how well service is perceived.

The next most significant impact of the virtual office is the delivery of change and SPPA has a number of projects requiring complex coordinated delivery. Increasingly the Board is getting presentations that separate the operational delivery (including project delivery), ongoing service and risk. One common observation across all these disciplines in a lockdown world is that simple things happen, particularly if automated, but difficult things get more difficult.

That the service has operated so well through these difficult times is a credit not only to SPPA and SFRS, but critically the effectiveness of their working relationship. There have been leadership changes on both sides and I value the continued support the Board receives from Board Members and the SPPA leadership.

William Littleboy
Independent Chair

4. The Agency's Covid-19 Response

The Agency, like many organisations, set up a remote working operation from 23 March 2020 – only key security and administration functions have operated on a limited basis within the office. All other staff were provided with the necessary equipment to allow them to work from home. This move, however, necessitated a reduction in the range of services provided to customers and members. The main impact of home working was a reduced telephone service which was limited to critical calls related to ill health, death and injury. For all other enquiries members were directed to contact the Agency via email.

A review of how the Agency supported members during this time was necessary and through this some digital solutions were developed. Enhancements were made to the telephony system to allow staff to answer calls from home. Improvements were made to the Bereavement process. This resulted in easements such as: a scribe service, improved relationship with National Records Scotland, accepting a digital signature and improved pension administration processes.

This also impacted on how staff used of Skype and latterly Microsoft Teams. These platforms allowed staff to keep in touch with colleagues and managers.

5. 2015 Remedy

A Programme Board was created to oversee the work required to take forward the 2015 Remedy. A new project manager was recruited along with data and business analysts to support the work required. Timelines for this work are dependent on policy and legislative decisions.

The strategy the project team adopted was based on elements of the Digital Strategy with the emphasis on developing common approaches and making use of existing functionality where possible, to minimise development costs. In addition, any necessary development would be reusable and modular allowing portability. Development is part of a CLASS group initiative.

6. Risk

During 2020 work was undertaken to develop the Agency's risk framework, strategic register, embedding departmental risk registers and developing a scheme specific risk register. All of these reflected the changes to how the Agency was organised and the impact of the pandemic.

The appointment of the new Risk and Assurance Manager saw this work taking shape and as part of the review of risk management, the Board had the opportunity to take part in a workshop in February 2021.

A scheme specific register is now presented for consideration at each board meeting.

7. Pension Platform Procurement

The Agency commenced the initial process to procure a new pension administration platform in June 2020. This included the establishment of a core team, Programme Board and programme governance. Development of the Strategic Outline Case commenced, together with planning and initial 'soft' market engagement.

In August 2020 the preferred technology architecture was agreed – that of a componentised and flexible solution.

In November 2020 the options appraisal was completed as part of the Strategic Outline Case and Ministerial briefing was provided. This was later approved by the Programme Board.

An extension of the current platform support and maintenance contract through to March 2026 (with an option for a further 12 months) was awarded in February 2021. This safeguarded the continuation of the pension administration system through to the completion and implementation of a new platform.

The Board have received comprehensive updates throughout the procurement process.

8. Other Board Business

8.1 The Chair and/or the Vice-Chair of the Pension Board has received update briefings from the Chief Executive of the Agency (or the Interim appointment) during the year, along with chairs/vice chairs of the Agency's pension boards for other schemes.

8.2 The Agency reviewed and updated the Terms of Reference of the Pension Board.

8.3 Reconciliation of Guaranteed Minimum Pension records with HMRC data and ensuring records, and therefore pension entitlements, are accurate.

8.4 At the request of the Pension Board, the Agency now provides a register of breaches at each meeting. The register includes records of and whether breaches are considered significant enough by the Agency and separately by the Board to be reported to The Pensions Regulator.

9. Governance and Training

9.1 Notification was received from the Pensions Regulator in April 2020 that, due to the circumstances, the Relationship Supervision of the Firefighters Pension Schemes had been postponed. This would be resumed at a future date.

9.2 A review has been undertaken on the approach SPPA adopts in regards to membership terms. Following consultation with The Pensions Regulator, it was agreed to move to the following board appointment terms/tenure:

Current Approach	New Approach
Initial appointment of 2 years with the option to extend by 1 year	Initial appointment of 3 years with the option to extend by 1 year
Maximum 2 terms	Maximum 2 terms
Potential 6 year total tenure	Potential 8 year total tenure

Transition to the new approach was coordinated by the Governance Team.

9.3 A new Pension Board Induction and refreshed Training Pack was created and shared with all board members.

During the year the Governance team provided a number of training webinars. These included sessions from:

- Pensions Regulator
- Government Actuaries Department
- SPPA Risk and Assurance Manager

The intention is to continue this during 2021-22, focussing on internal operational processes and procedures.

10. Meetings and Attendance

During the 2020-21 scheme year, the Pension Board met on three occasions. The meeting scheduled for May 2020 was cancelled due to the pandemic.

Under normal circumstances meetings are held in the Agency's office in Tweedbank but due to the pandemic, all meetings during the year were held virtually.

Attendance of the Pension Board members at the meetings is set out in the table below. Representatives from SPPA also attended the meetings.

Scottish Firefighters' Pension Board				
Name and Date of Meeting	12/05/2020	07/07/20	05/11/2020	11/02/2021
	Attended	Attended	Attended	Attended
William Littleboy - Chair	Cancelled due to CV19	Y	Y	Y
Andy Marchant - Vice Chair (from 1/8/20)		n/a	Y	Y
Denise Christie		Y	N	Y
Brian Cameron (retired 01/02/2021)		N	Y	N
Alexander Miller		Y	Y	Y
Stephen Wright		N	Y	Y
Alan Duncan		Y	Y	Y
Ross Haggart		Y	N	Y
John MacKenzie (started 1/3/21)	n/a	n/a	n/a	Y

10.1 Membership changes to Pension Board

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

Leavers	Starters
Catherine Skinner - Vice Chair (from Police) resigning from 16/5/20	Andy Marchant – Vice Chair Appointed – 1 August 2020
Brian Cameron – member representative resigned – 1 February 2021	John McKenzie – employer representative Joined – 1 March 2021

10.2 Pension Board Costs

The Pension Board has incurred no fees or expenses over the course of the year

11. Forward Look 2020-21

In many respects there was little choice about going into home working and online service due to the circumstances of the pandemic. Equally Members accepted changes to the service model recognising that these changes were as a consequence of necessary measures taken. In this respect 2020 – 21 may prove to be more challenging for the leadership as they will have more freedom to make choices around how to take the service forward. Consideration of a hybrid working model that balances the convenience of working from home with the quality and efficiency of an office environment.

Clearly there is a significant programme of change that will be challenging to deliver without compromising operational excellence. Equally the Board anticipates Member demands for higher service performance will arise with the return of telephony. Combined with managing a workforce whose expectations and team cohesion will be different following a year of home working (and mental health more fragile) the Board see the management

of the return to a new normal environment without compromising quality standards as an issue of considerable risk.

12. 2020-21 Customer Services Performance Annexes

12.1 Year End Annual Benefit Statement Update

The Agency's objective was to have all ABS issued by the regulated date of 31 August 2020.

As at 31 August 2020, 6,216 (100%) of active members annual statements were available on the online service. However, members were not made aware. Firefighters' statements were issued via a 3rd party mailing provider, the initial instructions from SPPA were to issue all statements by 28 August 2020. Unfortunately the 3rd party was unable to achieve this due to an unforeseen technical issue which occurred at the printing stage. This delayed the issue until 2 September 2020 when they were issued by 1st class post to 100% of eligible members.

As a result SPPA reported the breach to the Pensions Regulator due to the late issue to members. The Pensions Regulator noted the breach, but confirmed that no action was necessary.

Problems encountered in this year's exercise will be highlighted and considered for rectification as part of the Lessons Learned review leading in to the 2019/20 exercise.

12.2 Scheme Membership

	2019/20	2020-21
Members	6,368	6,380
Pensioners	6,015	5,290
Deferred	3,219	2,760

12.3 Customer Contacts

KPI's	2020/21
Ave Answer time	34 seconds
Call Volume	25,527
Email response %	57%
Email volume	153,395

Website	2019/2020	2020/2021

Total views	16,903	12,938
Calculator views	15,699	13,178

12.4 Year-on-Year Key Performance Indicators (2019-20 vs 2020-21)

Key Performance Indicators	Target	Volume	2019/20	Volume	2020/21
New Awards (Timeliness)	98%	253	100%	253	100%
New Payments Accuracy	95%	415	97.01%	332	100%
Death in Service	98%	4	100%	5	80%
Death in Pension/ Retirement	98%	53	96.23%	75	94.67%
Transfer Value In (quote)	100%	43	97.67% (97.67%)	54	92.59%(92.59%)
Transfer Value In (actual)	90%	57	77.19%	38	65.79%
Transfer Value Out (quote)	100%	14	100% (100%)	7	42.86%(85.71%)
Transfer Value Out (actual)	100%	6	100% (100%)	4	100%(100%)
Estimates	90%	361	95.29%	320	95.31%
Divorce CETV	100%	30	100%	27	100%
Divorce PSOD	100%	14	100%	7	100%
Refunds	97%	0	-	0	N/A
Ministerial replies	100%	0	-	0	N/A
Annual Statements	100%	6050	100%	6216	100%
Annual allowance	100%	79	100%	70	100%
Records Maintenance errors	95%	0	100%	0	100%
Records Maintenance up to date	97%	6347	99.89%	6325	99.79%

12.5 Complaints

Complaints	2019/20	2020/21
Received	11	8
Upheld	3	4
Partly upheld	3	1
Not upheld	5	3

KPI	90.91%	62.50
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