

Scottish Firefighters' Pension Scheme Advisory Board

MINUTES

Date: 19 October 2021
Location: Microsoft Teams

Chair: Iain Coltman (IC) (SPPA)

Attendees: Chris McGlone (CMcG), Fire Brigades Union
Mark Rowe (MR), Fire Brigades Union
Glyn Morgan (GM), Fire Officers' Association
Brian Baverstock (BB), Scottish Fire and Rescue Service
George Lindsay (GL), Scottish Fire and Rescue Service

Scottish Government/Scottish Public Pensions Agency Officials:

Alan Wilkinson (AW), SPPA
Finn Mackenzie (FM), SPPA
Claire McGow (CMc), SPPA
Lorna Smith (LS), SG SCD: Fire & Rescue Unit

Government Actuary's Department:

Anne-Marie Pettie (AP)
George Russell (GR)

Observer: Claire Hey (CH), Local Government Association

Apologies: Gordon McQuade (GMc), Fire Brigades Union
Derek Smith (DS), SG SCD: Fire & Rescue Unit
Nicola Hector (NH), Scottish Fire and Rescue Service

Secretariat: Claire McGow (CMc), SPPA

1. Welcome

- 1.1 The Chair welcomed everyone and introduced Alan Wilkinson (AW) as the Policy Lead on Police, Fire and Local Government to the Scheme Advisory Board (SAB) meeting and noted apologies.
- 1.2 The Chair advised board members that Mark Rowe (MR) is to be officially appointed to represent employee interests.

2. Conflicts of interest

- 2.1 No new conflicts of interest declared.

3. Minutes and actions of previous meeting

- 3.1 Minutes of the meeting of 8 June 2021 were adopted without amendment.

Action points were reviewed and the following noted:

- Action **35** of 08/2017 – SAB agreed they may wish to consider a review of the member contribution structure at a later stage when implications of 2015 remedy are clearer – remains open
- Action **55** of 02/2020 – information from changes made to Teachers’ opt out form to be gathered and shared
- Action **56** of 02/2020 – CMcG advised the settlement for 2021/22 had been agreed with the NJC at 1.5% pay increase. **Close action**
- Action **66** of 03/2021 – letter issued 6 April 2021 – **Close action**
- Action **67** of 06/2021 – letter issued 14 June 2021 – Claire Hey will progress with Joanne Livingston, English Fire SAB Chair

4. HMT response to cost control mechanism consultation

- 4.1 GR gave an overview of HMT’s response and confirmed that the consultation outcome will impact on the 2020 Valuation process, which GAD are beginning work on.
- 4.2 IC confirmed the outcome of the SCAPE discount rate consultation is pending and when the results are known, they will be shared with SAB members.

5. Cost Cap Valuation Results 2016

- 5.1 GR confirmed that HMT has published the directions required to complete the Cost Control Mechanism for the 2016 valuations, which confirm that costs resulting from 2015 remedy will be treated as member costs. GAD is in the process for finalising the results. As previously advised, the requirement for rectification of the ceiling breach will be waived.

6. Remedy Update

- 6.1 Project Update

FM summarised the 2015 remedy project update paper and invited questions.

GM highlighted that there had been extensive discussion at the English SAB around Illustrative Modellers. There was a general feeling that they would not provide accurate enough information for scheme members unless they are provided with the correct data to input. IC advised that discussions were ongoing with GAD. GR confirmed that in the first phase there will be an element of individual input but there won’t be a direct link to SPPA-held data. However, this may be part of subsequent development.

CMcG raised that any modeller needs to be interactive so that members can see what any future benefits may look like, and asked if SAB could offer input into the modeller development. IC stated that whilst there is risk in developing any tool in advance of legislation, SPPA could agree to share early development with the SAB. GR advised that GAD are working with colleagues down south with regard to functionality for Police and will adapt for Fire context and Scottish context. AMP added that she had seen a working prototype and it functions similarly to the existing retirement benefits calculator.

BB asked if SPPA could provide the correct information for members to input into the modeller. IC replied that it would be designed for members to use information from their Annual Benefit Statement (ABS).

GM asked that in advance of legislation, whether it would be possible to publish illustrative member scenarios. IC replied that we could incorporate into the FAQ’s. FM added that

there are already some scenarios within the provision definition documents (PDD's) that could be used in the period prior to the regulations being available.

CMcG advised that he is due to arrange a meeting with SPPA remedy communications lead to collate common questions that are being asked on the remedy to help strengthen the FAQs for SPPA website. A pensions subcommittee is to be formed and made up of SAB representatives from the 4 nations in order to compile a database of FAQs.

Action 68: CMcG to arrange a meeting with SPPA

FM advised that we expect the modeller to be released in middle of 2022 but a prototype can be shared with SAB before then.

He also advised that, from April 2022, all protected members will be moved into the 2015 scheme. This will be an automated mass move.

6.2 Communication and Engagement

FM indicated the SPPA is keen to engage with the SAB and would welcome any ideas on the best way to engage with members. SPPA will issue their first direct communication by letter to members in October/November. They will differ slightly depending on the member's protection status and will address any myths that appear to be circulating around the membership, namely, the perceived loss of rights to legacy benefits, loss of right to retire at legacy scheme NRA and the automatic tax free lump sum.

CMcG, GM and GL really welcome this approach in addressing these common misconceptions from members.

FM agreed that members need to understand that their rights are protected. The letters are to be issued in phases to manage the volume of traffic through the admin team. The FAQs will be updated and members will be directed to the SPPA website in the first instance.

6.3 Prospective Regulations

FM gave an overview of the technical aspects required.

IC advised that when SPPA consults on the regulations, a technical grid will be provided alongside the consultation documents. The consultation will broadly align with counterpart schemes in England and Wales.

FM added that issues with Added Pension and Ill Health Retirement which span over the transitional period are still being finalised but will be included in the consultation.

6.4 Contingent Decisions

IC asked if SAB members would like to take some time to consider this paper and feedback directly to FM. SAB members agreed that this would be the best option.

Action 69: SAB members to feedback to Finn.MacKenzie@gov.scot by 30 November 2021.

6.5 Immediate Detriment

FM advised that SPPA understand that there is a desire for the Remedy to be offered as widely as possible at as early a time as possible, particularly in sensitive cases.

It's also accepted that there was an argument that members have a right to be treated as a member of their legacy scheme for the remedy period if they wish, through the view that Section 61 of the Equality Act 2010 means that discriminatory provisions do not apply.

Following the publication of the Home Office Immediate Detriment (ID) Guidance, SPPA were preparing to proceed with immediate detriment claims under that guidance. However, from subsequent discussions with HM Treasury, it had become clear that the Section 61 position may not give all the powers required to operate the remedy without introducing significant uncertainty over operating issues including the relationship between remedy action and existing pensions tax legislation - meaning members and the pension scheme may be subject to significant tax charges.

SPPA is aware of the LGA-FBU agreement reached with Fire & Rescue Authorities in England & Wales to proceed with cases under the terms in the memorandum of understanding that was signed on 8 October. The Scheme manager in Scotland was not party to that agreement and it doesn't extend to the pension scheme in Scotland. Scottish Ministers are therefore currently considering whether the MOU addresses the concerns set out by HM Treasury.

MR commented that he understood that the LGA represented all Fire and Rescue authorities, including Scotland and it is regrettable if Scotland were not included. The FBU hopes that Scotland will adopt the MOU.

GL stated that the MOU came as a surprise to the SFRS and wondered if SPPA would be able to meet the challenging timescales.

FM commented that doing anything in advance of the regulations is difficult and the MOU goes further than the original Home Office ID guidance in that it also takes in retired members who were transitionally protected. This is approximately 150 more members that have not been accounted for in terms of funding. The decision rests with the Minister and SAB members will be informed in due course.

GL asked that SPPA update the website with some holding lines.

MR added that the FBU has been managing member expectations and timescales around when the MOU is adopted by each FRA, and this was acknowledged by the Chair.

Action 70: Update SPPA website with holding lines on Immediate Detriment

7. Participation Rates

- 7.1 CMc advised that participation rates have remained consistent at 97% over the period 2020-21 and for Q1&Q2 of 2021-22.

CMcG asked that SPPA keep an eye out for any fluctuation in participation rates as a result of remedy and provide FBU with advance notice of any decrease in participation.

8. AOB

- 8.1 IC introduced a verbal item on board governance. An independent report in 2017 recommended that the practice of SPPA chairing the SAB should be reviewed, and a

recent internal governance audit again recommended that Boards consider whether this is appropriate. SPPA will be writing to SAB members to seek their views.

Action 71: SPPA to write to SAB members on SAB chair

8.2 MR asked if there are any plans to have the next SAB as a physical meeting. IC advised that this would be considered at the next meeting in January 2022.

8.3 IC advised that this SAB would be the last for CMc as she is moving on to another post within Scottish Government and thanked her for her contribution to the SAB. AW advised that any queries should go directly to him in this interim period before a replacement is in place.

9. Dates of future meetings

9.1 SAB agreed that unless there are any significant developments that the next meeting should be in January 2022.

Summary of New Actions

Action No	Para	Action	Owner
68	6.1	FBU (CM) to contact SPPA comms	FBU
69	6.4	SAB members to provide feedback on contingent decisions	SAB members
70	6.5	SPPA to update website with holding lines	SPPA
71	8.1	SPPA to write to members re. board chairing arrangements	SPPA