

Scottish Firefighters' Pension Scheme Advisory Board

MINUTES

Date: 09 July 2024

Location: MS Teams

Chair: Iain Coltman (IC) (SPPA)

Attendees: Brian Baverstock (BB) (Scottish Fire and Rescue Service)
George Lindsay (GL) (Scottish Fire and Rescue Service)
Colin Brown (CB) (Fire Brigades Union)

Glyn Morgan (GM) (Fire Officers' Association)
John McKenzie (JM) (Fire Brigades Union)

Advisers: Anne-Marie Pettie (AP) (GAD)
Charlotte White (CW) (GAD)

Officials: Alan Wilkinson (AW) (SPPA)
Brenda Callow (BC) (SPPA)
Gerry McGarry (GM) (SPPA)
Jason Grainger (JG) (SPPA)
Karen Gilchrist (KG) (SPPA)
Lorna Smith (LS) (SG SCD: Fire & Rescue Unit)

Observers: Claire Johnston (Local Government Association)

Apologies: Derek Smith (DS) (SG SCD: Fire & Rescue Unit)
Finn Mackenzie (FM) (SPPA)
Mark Rowe (MR) (Fire Brigades Union)
Alan Duncan (AD) (Scottish Fire and Rescue Service)

Secretariat: Meeting Recorded - Lesley Hood (LH) (SPPA)

1. Welcome and Apologies

The Chair welcomed everyone to the meeting, noting apologies.

2. Conflicts of Interest

No new conflicts of interest declared.

3. Previous Minutes/Actions

3.1 The minutes dated 25 March 2024 were reviewed and recorded as accurate.

3.2 JM enquired if the response to the consultation had been added to the SPPA website. The Chair acknowledged the delays and said SPPA would aim to publish the response by the end of July.

4. Action Points

4.1 Outstanding actions were reviewed and updated accordingly.

97	SPPA to produce timeline for Matthews and Booth projects once mobilised. Tracking of correspondence and responses to the Matthews second options exercise will be undertaken.	SPPA	To remain open, timeline will be shared by Jason Grainger, Project Manager
98	Aim to publish responses to Consultation by end of April.	SPPA	To Remain open, new anticipated timeframe – end of July
99	Firefighters Pensionable Allowance Exercise – SPPA will discuss the project. SFRS members on the Project Team will provide an update on timescales for the next SAB Meeting.	SPPA / SFRS	Covered by Jason Grainger, Project Manager Closed
100	Acting Up Data - SPPA to update SAB members with any identified issues which may arise.	SPPA	Covered by Jason Grainger, Project Manager Closed
101	Continuous Professional Development (CPD) Pay – Through collaborative work between SPPA and SFRS to be tracked with SAB members and updated accordingly.	SPPA	Covered by Jason Grainger, Project Manager Closed

4.2 Action point 101 - GL highlighted issues around 'Acting Up' data, pay for which is not pensionable under the 2015 Scheme. With reference to members on Tapered Protection, their full payments were pensionable, however, the system was not divided to identify which proportion of pay equated to their substantive role and temporary role. In depth analysis has been undertaken. Although it is technically possible to retrieve required information, this would require examination of records to identify individuals not temporarily promoted then manually review pay records for the entire period. From a practical perspective this would be beyond the capacity of the Scottish Fire and Rescue Service to do so.

4.3 GL provided an update regarding this point. A number of discussions have taken place within various project groups. The view is, if information is not separated this would artificially raise the value of the 2015 pensionable benefits. However, this would not be sufficient to overcome the more beneficial 1992 or 2006 schemes, where it's expected, individuals would automatically revert to. In the event individuals choose the 2015 Scheme, to include an artificially inflated value for any temporary acting up which has not been taken from their calculation, would lead to an enhanced level of payment. This may have to be accepted due to resource and statutory deadlines..

4.4 JM acknowledged this and confirmed FBU were comfortable with this approach

5. Employee Contribution Rates - Presentation

5.1 The Chair welcomed CW to the meeting.

5.2 CW delivered an overview of the interactive calculator highlighting various scenarios.

5.3 SAB members were provided with an opportunity to raise questions on principles or presentation content. GM indicated it would be interesting to view how figures would look had the bands changed with inflation or pay over the last few years.

Action Point: CW will collate this information and circulate to SAB members.

5.4 The Chair thanked CW for the overview. The Chair explained that similar changes for other devolved Schemes had been introduced over the last 18 months, including the general approach of moving from whole time equivalent to actual earnings as the basis for setting contribution tiers. This required the overall rates in general to increase more than they would by retaining the whole-time equivalent basis. The Board may wish to consider this when establishing principles..

Action Point: SPPA will circulate presentation slides with the minutes from the meeting.

5.5 JM asked about the feasibility from an administrative system perspective. The Chair confirmed this could be investigated further.

5.6 GM echoed this point, indicating difficulties were experienced by administrators in England & Wales.

5.7 The Chair enquired if GL could investigate with the Scottish Fire & Rescue Service. GL confirmed discussions will take place and an update provided in due course.

Action Point : GL to provide an update

5.8 JM suggested that in terms of protecting entrants to the Service, the initial preference is to maintain a form of tiered contribution structure.

5.9 BB provided observation that the tiered structure approach seems consistent with intentions of public sector pay policy.

5.10 GM commented on fairness of this approach with a key element protecting lower earners with more favourable contribution rates.

5.11 The Chair explained potential illustrations on impact of particular earning levels relating to take home pay and tax relief could be provided. An approach to future proofing the yield, by applying some annual adjustment to bands, should be considered.

5.12 JM asked if by way of illustration it would it be possible to retrospectively apply a mechanism with regard to pay increases over the last three cycles. In reply CW explained, if bands moved in line with pay increases either previously or going forward, in theory the

starting yield would be achieved at the end, except where member movements happening in the background would change the initial starting position. If more individuals join at the lower end of the scale or a large proportion of individuals retire at the higher end of the scale this would be a potential issue for achieving the yield overall rather than pay aligning with bands.

5.13 AW explained that with the aim of having an approach in place by 1 April 2025, regulatory amendments should ideally commence 6 -7 months prior to this date. Therefore, it would be beneficial to devise a short paper for Board comment which summarises the principles of suggested proposals for a tiered approach. JM indicated a summary for Board members would be helpful.

Action Point: SPPA will liaise with GAD to devise a paper summarising principles and circulate to the Board in around 4 weeks' time.

5.14 The Chair reiterated in terms of process, ideally we require 6 months to introduce the regulations to allow for formal consultation. If the Board reach a consensus position, advice will be presented to the Minister for agreement with introduction of amendments preferably by April 2025. If the Board do not reach consensus or if there's different opinions on principles, this will be reflected to the Minister who will make a decision on that basis. The Minister is aware of on-going discussions.

6. Remedy Update

6.1 Remedy Cost Reimbursement Scheme Rules – Paper 3A

6.11 BC provided an overview of Paper 3A, detailing draft rules for the proposed Cost Reimbursement Scheme.

6.12 Comments from Board members are welcome and should be directed to KG by the 23rd July.

6.2 Tax Treatment Authorised / Unauthorised Payments & Remediable Service Statements Timetable – Paper 3B

6.21 BC highlighted information contained within the paper.

6.22 Comments from Board members are welcome and should be directed to KG by the 23rd July

6.23 The 2015 Remedy Hub on the SPPA website provides information, factsheets and video footage in relation to understanding Remediable Service Statements for all four unfunded schemes. Anticipated that further videos will be produced to aid member understanding. In addition, an employer newsletter has also been issued.

6.24 JM indicated the format of the newsletter is very helpful and it would be beneficial to maximise circulation.

7. Projects and Administration Update

7.1 The Chair introduced JG who provided a short presentation highlighting the current position in relation to the “Booth” Pensionable Allowance Exercise, “Matthews” Second Options Exercise and the Impact of members registered online with the Member Self Service (MSS) system application.

7.2 JM expressed appreciation of the scale and challenge required to implement the Matthews Second Option Exercise. Noting concerns regarding the 18-month window to ensure potential scheme members affected are provided with an opportunity to join an Occupational Pension Scheme given we are already four months in. It's understood some cases were submitted to an Employment Tribunal in 2000, potentially reaching back to the 70's. Given the passage of time these individuals will now be elderly or may already have died, this could also be the case for their dependants. JM indicated that it is inevitable that inaccurate contact details will be held for a number of individuals. Delaying the start of the first phase of Matthews will significantly reduce the potential available time to ensure eligible individuals can be contacted. JM raised concern that project updates are provided on a 3-month basis, requesting the Board consider moving to a monthly update to provide full information on project progress.

7.3 JG thanked JM for his comments, informing that some communication received has inhibited progress in terms of direction and timescales. The importance of engaging with members & potential members in a timely manner was noted. In terms of priorities, GAD continue to make positive steps to ensure the calculator is ready.

7.4 JG shared progress of setting up a Project Board for Booth and Matthews to accommodate SFRS and SPPA attendees, with the aim to meet every 4-6 weeks. AP will liaise with GAD to confirm if the calculator will be available for demo next week and provide him with an update.

7.5 GL updated on SFRS's position and the link with JG's Team. GL highlighted the challenge and volume of the work involved. During the First Options Exercise undertaken in 2014/15, 3,600 communications were sent out, confirming many individuals were no longer at these addresses. From the 3,600 communications, 1,200 responses were received. 700 individuals have taken the first option and are now members of the Pension Scheme. For those who did not respond SFRS are unsure if current address details are held. For the periods in question the record retention schedule does not allow for SFRS to hold employment or pay records for these individuals. Due to the complexity of administration, SFRS have appointed a specific person to reach out through a multimedia communication strategy to those in scope.

7.6 The Chair highlighted the potential to enlist a third party for assistance with tracing address details through unique identifiers.

7.7 JM thanked JG and GL for their update, reiterating concerns in the scale and challenge of identifying individuals due to the passage of time and qualifying factors around that. From a Board perspective, at this particular moment, JM expressed advantage in receiving monthly progress updates. The Chair agreed and asked JG what reasonable approach could be taken..

7.8 JG recapped the composition of the Project Board should fulfil the most suitable available individuals from either the Pension Board, SFRS, FBU or other Unions. Intention to communicate dates in the next 2-3 weeks with the aim to commence meetings around August.

7.9 The Chair asked the Board if this was a reasonable interim solution. JM agreed and offered his attendance on the Project Board. BB reiterated JM's opinion that regular updates is reasonable. GL confirmed conversations are currently taking place with SFRS Director of People in relation to resource, the Chief Officer is directly involved in discussions.

7.10 In relation to MSS< JG confirmed when Annual Benefit Statements are issued an initial message is delivered informing statements are available. Registration links are provided with subsequent follow up undertaken. The importance of members having access to their pension benefit details is something which can be progressed by both SPPA and SFRS.

7.11 In terms of Booth timescales JM asked if there were concerns around interconnectivity with Remedy. JG confirmed that we expect to finalise some of the Remedy outcomes around September / October, this will provide a clearer picture. Further information can be shared with the Board as time progresses. The focus is to ensure that correct information is captured allowing members to make an informed choice.

7.12 GL provided an update on data with reference to members concerned in Booth. Comprehensive information is held and incorporated within the calculation for pension ability and how this interacts with Remedy calculations. GL indicated there is potential for an individual to have an RSS where four choices are provided, therefore a specific piece of communication is required for those individuals in both exercises.

Action Point: A Project Board is being set up. SAB members will be informed on a monthly basis of progress with projects

7.13 JG left the meeting at 11.50 am .

8. Any Other Business

8.1 KG has circulated the Participation Rates Paper for information.

8.2 No further business noted.

9. Date of Next Meeting

9.1 The next SAB meeting will take place on the 25 September 2024. Potential to consider both a hybrid and in person meeting. Further communication will be circulated over the coming weeks.

9.2 The Chair thanked the Board for attendance and constructive feedback. Minutes of the meeting will be circulated within the next seven days.

9.3 The Chair closed the meeting at 11.54 am.

Summary of New Actions

Action No	Para No	Action	Owner
97	To remain open	SPPA to produce timeline for Matthews and Booth projects once mobilised. Tracking of correspondence and responses to the Matthews second options exercise will be undertaken.	SPPA
98	3.2	Aim to publish responses to Consultation by the end of July.	SPPA
102	5.3	Employee Contribution Rate. GAD to collate and circulate information on how figures would look if bands changed with inflation or pay over the last few years.	GAD
103	5.4	Employee Contribution Rate Presentation - SPPA will circulate GAD slides with the minutes from the meeting.	SPPA
104	5.7	Impact from an administrative point of view of moving from whole time equivalent to actual earnings.	SFRS
105	5.13	Employee Contribution Rate - SPPA will liaise with GAD to circulate a paper summarising principles of suggested proposals for a tiered approach for Board comment.	SPPA
106	7	A Project Board is being set up. SAB members will be informed on a monthly basis of progress with projects.	SPPA