

From:
Sent: 13 June 2018 14:58:27
To: Public Engagement Unit
Subject: FW: Scottish Public Pensions Authority

MACCS case please for OR

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From:
Sent: 13 June 2018 14:55
To: First Minister
Subject: FW: Scottish Public Pensions Authority

Sent from Mail<<https://go.microsoft.com/fwlink/?LinkId=550986>> for Windows 10

From:
Sent: Wednesday, June 13, 2018 2:50 PM
To:
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Subject: Scottish Public Pensions Authority

Good afternoon to you both,

I assume that you will be told of the contents of this email and hopefully you will get someone to look into what is happening.
I am sending this email on behalf of a friend who doesn't have a private email account but works for the above authority. He is an [redacted] but is very worried about the finances of Scotland in the future due to decisions taken by his superiors. We can of course provide you with more detailed information and examples of the millions of pounds (probably hundreds of millions) that is going to be overspent by the pensions authority.

We are dealing with the authority auditors but it looks like they cannot have any say over the policy taken by SPPA.

To put the problem uncovered into layman's terms I will do as briefly as possible.

Over the past years myself and almost everyone else who was in a final salary pension scheme were told by the government and their employers the country could not afford to continue these schemes and that these would be frozen and new pension schemes taken out. Very understandable. Our frozen pensions would still be paid out at retirement, topped up by the new, less generous schemes.

The SPPA have been keeping the frozen pensions open and increasing the size of the pension pot in line with any salary or promotional pay increases as well as increasing the second pension too. In most cases the frozen final salary pension is increasing by many thousands each year, effectively making people even BETTER OFF than they could ever possibly get before the final pensions schemes ended. How ludicrous !!!

Also they see fit to pay part time firemen, who have claimed injury in the course their duty, a pension, on top of any entitled injury benefits, the same as if they were a full time fireman (not pro rata) even though they were not allowed to join or contribute to the pension fund. How can they receive a pension from a fund that they were not a member of? There are thousands of ex part time firemen, still working full time jobs, receiving a full fireman's retirement pension, from a fund that they did not contribute to, way in excess of the average wage tax free!! How ludicrous!!!

We are having a meeting in Edinburgh with the Auditors to discuss their findings on Tuesday 19th of June at 2pm, 102 Westport, Edinburgh when we would be pleased if you would like to send a representative from the government to attend with us to get more insight and details.

I would be happy to forward on to yourselves the email I have from the auditors or their findings should you wish.

Kind Regards

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24 July 2018

Thank you for your e-mail of 13 June to Nicola Sturgeon MSP, First Minister and Derek Mackay MSP Cabinet Secretary for Finance, Economy and Fair Work regarding your concerns about overspending on public service pensions. I have been asked to reply as the Scottish Public Pensions Agency (SPPA) is responsible for the administration and policy development of the devolved unfunded public service schemes.

Occupational pension policy is reserved which means that, although pension schemes are devolved changes that arise from wider UK Government policy have to be implemented. The most recent example of this was the introduction of Career Average Revalued Earnings (CARE) schemes from April 2015, introduced under the UK Government's Public Service Pensions Act 2013. In introducing those reforms in Scotland negotiations were undertaken on a tripartite basis, with representatives of trades unions/staff associations, employers and the Scottish Government, which resulted in the introduction of new CARE schemes along with agreed protections for those close to retirement.

In November 2011 the UK Government set out its final offer on public service pension reform in its paper *good pensions that last*. That included a final salary link for past benefits accrued in the final salary scheme for those who were to transfer over to the new CARE arrangements. The right to a final salary link was subsequently provided under Schedule 7 of the 2013 Act. This protection, along with others agreed for each of the devolved schemes, is reflected in the scheme regulations which SPPA must follow when calculating and paying scheme benefits, for example Schedule 4 paragraph 35(5) of the Police Pension Scheme (Scotland) regulations 2015. The final salary link aims to protect the value of the accrued final salary benefits when taken at retirement rather than simply linking it to inflation. This approach was agreed by the various negotiating groups and Scottish Ministers with the cost reflected in regular valuations of the schemes.

Turning to your concerns about injury pensions paid to retained firefighters, the terms of each pension and injury benefit scheme develop over a number of years following changes in policy and consultation with key stakeholders. What was agreed some years ago may today be considered to be either too generous or not generous enough, but, where entitlement exists pension administrators must apply that entitlement.

As you may know up until 2006 retained firefighters were not eligible to join the pension scheme and from that date they could only choose to join the revised 2006 scheme. As a way of recognising the risks similarly undertaken by retained firefighters, Rule J4 of the 1992 Firefighters' Pension Scheme Order provided special provisions for retained firefighters who retired as a result of a qualifying injury. Although not members of the pension scheme they were entitled to an injury award that consisted of an ill-health pension, an injury pension and a gratuity as if they were a regular firefighter. When the injury benefit provisions were put on a separate statutory basis this right continued under Part 8 paragraph 2 of The Firefighters' Compensation Scheme (Scotland) Order 2006. These special provisions were removed with the introduction of the modified scheme for retained firefighters, but, where title to such an award is already established under the scheme rules mentioned above, SPPA must continue to pay that entitlement.

I have not been able to establish details of your meeting with the scheme auditors on 19 June but would be happy to discuss these particular issues if a further meeting is planned. Alternatively if you remain content to forward the findings from that meeting I would be happy to consider any points raised.

Yours sincerely

Scottish Public Pensions Agency