

FIREFIGHTERS' PENSION SCHEME

REPORT ON CONSULTATION ON DRAFT REGULATIONS 'THE PUBLIC SERVICE (FIREFIGHTERS) PENSIONS (SCOTLAND) REGULATIONS 2014'.

1. Purpose

The purpose of this paper is to provide stakeholders with a summary of the feedback received to the Scottish Government's recent consultation on draft regulations to the Public Service (Firefighters) Pensions (Scotland) Regulations 2014. The draft regulations represent the first part of two sets of regulations required to introduce the reformed Firefighters scheme from 1 April 2015. The second part when completed will be consulted on in the Autumn

2. Background

2.1 In March 2012, Roseanna Cunningham Minister for Community Safety commenced partnership negotiations to design a reformed Firefighter Pension Scheme for 2015. The negotiations aim to deliver a new scheme that remains within the set financial cost limits and is a Career Average Revalued Earnings Scheme (CARE). Additionally the UK Government's Public Service Pensions Act also requires the scheme to have a normal pension age of 60.

At the time of the consultation, the scheme design set out in the framework document differs in two areas from the scheme being introduced by the UK Government. Firstly Scottish Ministers have been able to deliver an improvement on the protections offered to existing Firefighters Pension Scheme (FPS) scheme members. Protections are based on a member's position at 1 April 2012. Not only will FPS members be provided with full protection if they were within 10 years of age 55 on that date, additionally members who were within 10 years of being able to retire on a full pension are also included. The use of both age and service conditions also extends to those FPS members who qualify for tapered protection. Secondly funded by an offset to the scheme's accrual rate the 2015 scheme provides early retirement from age 55 and 56 based on an actuarial reduction from age 60 rather than the later members deferred pension age.

Negotiations continue and the Scottish Government is working through ongoing partnership negotiations with firefighter stakeholders. Should further progress on other aspects be made in negotiations by the UK Government, Scottish Ministers are committed to meeting any resulting improvements to the scheme design

3. Introduction

3.1 The Scottish Public Pensions Agency, on behalf of the Scottish Government, conducted a public consultation inviting stakeholders to register their views on the Scottish Government's initial provision for the new Public Service (Firefighters) Pensions (Scotland) regulations to be implemented on 1 April 2015

3.2 The consultation began on 26 June 2014 and closed on 21 August 2014. This report summarises the 7 responses received to the consultation.

4. Consultation process

4.1 The Scottish Government's consultation document was issued by email to stakeholders on 26 June 2014 and the documentation was also posted on the Scottish Public Pensions Agency's website.

4.2 The Framework Document, upon which the draft regulations are based, sets out the design parameters of the 2015 scheme. The [Framework Document](#) is available to view in full on the SPPA website.

5. Analysis of responses

5.1 The consultation posed 7 questions on the draft regulations. The main comments are summarised in Annex A.

Respondents can be broken down as follows:

Respondents	Permission to publish response given
Individual responses (4)	Varying
Employers (0)	
Firefighters' Unions (2)	
Fire Brigades Union (FBU)	Not Specified
The Fire Officers' Association	Yes
Others (1)	
Heywood (Pension software provider)	Not specified

Gender	Number	%
Male	4	100
Female	0	
Total	4	

Working Pattern	Number	%
Full Time	4	100
Part Time	0	
Total	4	

Employment Type	Number	%
Firefighter	3	75
Watch Manager	1	25
Total	4	

Responding as current	Number	%
1992 Scheme member	3	75
2006 Scheme member	1	25
Total	4	

6. Key Messages

Fire Brigades Union

- The current proposals remain unsustainable, unworkable, unaffordable and unfair.
- The FBU has previously raised serious concerns that increases to contribution rates over the last three years will result in significant numbers of scheme members opting out or new entrants not joining the scheme.
- The FBU has also raised concerns that if firefighters do not join their pension scheme they will become dependent on benefits in retirement, which is a cost to taxpayers.
- The proposed scheme is also severely restricted by a cost ceiling, which the FBU has continually raised concerns around. It also contains a fixed commutation rate that does not take account of the normal pension age of the scheme and the fact that government claim firefighters are living longer.
- The Scottish Government has proposed improvements in transitional protection that take account of length of service as well as age. This is a welcomed approach, but the FBU is still concerned that it does not go far enough and has consistently argued that all existing members of the schemes should be fully protected.
- Protection remains a key concern for existing firefighters and even the improved proposal does not address our concern that firefighters will not be able to maintain their operational fitness until age 60 and will need the protection.
- The FBU has presented significant evidence outlining why the NPA of 60 is inappropriate. Despite having no evidence to support its introduction, an NPA of 60 has been imposed without the protection for those who cannot maintain the operational fitness required to safely perform the role until this age.
- The FBU believes that the proposals for all active members who are aged 55 or more at retirement, 2015 scheme benefits taken before Normal Pension Age will be actuarially reduced with reference to the 2015 scheme's Normal Pension Age, rather than the deferred pension age are unlawful.

Fire Officers Association

- We are in a position of responding to the consultation on proposals that we cannot willingly accept. However, after more than 2 years of staff representatives attempting to influence and alter Government's approach, we are obliged to consider the currently proposed regulations and their impact to ensure that a pension scheme is available to firefighters when the 1992 and 2006 Schemes are effectively closed in 2015.
- Pleased to see that the Scottish Government is committed to allowing early retirement from age 55 with actuarial reduction from age 60 rather than the deferred pension age. It is also pleasing that there is a continuing commitment that protection for current members of the Fire Pension Scheme will be based on a combination of age and length of service as this is the area of most concern for our members who, under the Westminster Government's proposals, would have been eligible to retire at age 50 with 30 years' service but would be prevented from doing so as a result of the requirement to be at least 45 years of age in April 2012.

IT System provider

- The biggest concern is the risk of the regulations not being delivered in a timescale that would allow them to deliver system changes in time.

7. Next Steps

The Scottish Government will consider the responses to the consultation exercise. Amendments may be made and offered for consultation at a later date.

It is anticipated that the regulations will be made and laid before the Scottish Parliament in February, taking effect on 1 April 2015.

Annex A

Question 1: Do the draft regulations meet the design parameters of the Firefighters' Pension Scheme as set out in the Firefighters' Pension Scheme Scotland 2015 Framework document?

	Responses	Main comments made
Yes	2	<p>We believe that the draft regulations continue to meet the design parameters of the Firefighters' Pension Scheme Scotland 2015.</p> <p>No – (we do) not accept that the design parameters are appropriate.</p> <p>As a point of principle, it is necessary to state that (we remain) unhappy over the proposals to alter the terms of serving firefighters' pensions. However, in relation to the specific question asked here, we believe that the revised regulations still reflect the 2015 Scheme design parameters.</p>
No	2	
Respondents who did not answer this question	3	

Question 2: Do the benefits (including the ill-health retirement benefits and other ancillary benefits) in the draft regulations sufficiently match those in the New Firefighters' Pension Scheme 2006, with sufficient adaptations for a career average revaluation earnings arrangement?

	Responses	Main comments made
Yes	2	<p>We believe that the benefits in the draft regulations do largely match those in the New Firefighters' Pension Scheme 2006 allowing for the change to CARE benefits.</p> <p>The CARE related elements appear to provide for the range of benefits and other provisions that would be expected for a CARE version of the 2006 Scheme</p>
No	1	
Question answered with view given	1	
Respondents who did not answer this question	3	

Question 3: Do the proposals for the employer additional contributions for ill health awards and the employer additional contributions for a member who has been “employer initiated retired” sufficiently match the existing arrangements in the New Firefighters’ Pension Scheme 2006?

	Responses	Main comments made
Yes	2	<p>We believe that the proposals in the draft regulations do largely match the existing arrangements in the New Firefighters’ Pension Scheme 2006 allowing for the change to CARE benefits.</p> <p>The proposals do not state the period that will be allowed for the payment of such additional contributions.</p> <p>The proposals do not include the regulation that guarantees that a firefighter aged 55 or above after completing the 11 point process will always receive an authority initiated early retirement.</p> <p>The proposed arrangements appear appropriate and, so far as is possible, align with the provisions of the 2006 NFPS.</p> <p>We agree that employer contributions should be separately set by Government and that the fund should be compensated where the use of discretions, such as employer initiated retirement, incurs cost.</p>
No	1	
Question answered with view given	1	
Question answered but no view given		
Respondents who did not answer this question	3	

Question 4: Are the benefits for part-time, retained and volunteer firefighters in line with the benefits for these firefighters as contained in the New Firefighters' Pension Scheme 2006?

	Responses	Main comments made
Yes	2	We believe that the benefits in the draft regulations for part-time, retained and volunteer firefighters do largely match those in the New Firefighters' Pension Scheme 2006 allowing for the change to CARE benefits. No – there are several areas where the benefits differ
No	2	
Respondents who did not answer this question	3	

Question 5: Can you foresee any administrative challenges with the draft regulations?

	Responses	Main comments made
Yes	2	Our biggest concern is the risk of the regulations (especially the transitional regulations) not being delivered (in time)
No		
Question answered but no view given	1	(We) certainly anticipate that the process of managing transition with three Firefighters' Pension Schemes operating for several years will not be without difficulties. It is premature to comment on this until all the regulations are available.
Respondents who did not answer this question	4	

Question 6: Can you foresee any challenges with the proposals for the procedure for ensuring the cost of the scheme is returned to the level of the cost cap as set out at regulation 152?

	Responses	Main comments made
Yes answered with view given	3	We believe the proposals to be appropriate but we would anticipate that there will be challenges if the cost cap process results in decreases in benefits or increases in contributions.
No		
Respondents who did not answer this question	4	<p>We consider that the effectiveness of efforts to keep costs within the margins of the cap will depend on the effectiveness of the Scheme Advisory Board and its ability to agree and take corrective action where there are indications that costs will exceed the cap.</p> <p>(We are) concerned that the Scheme Advisory Board is the appropriate representative body for consultation under section 12(6) of the 2013 Act.</p>

Question 7: Do you consider that there are any equality issues, which will result in individual groups being disproportionately affected by the reforms? If so, what do you consider to be the nature and scale of that disproportionate effect?

	Responses	Main comments made
Yes answered with view given	2	With regard to the review of NPA, we remain concerned that women currently employed within the FRS would be significantly disadvantaged
Yes answered with no view given	1	
No		it is imperative that fire and rescue services across the United Kingdom take action to develop and agree a national occupational fitness standard that builds on current practice and takes account of available research.
Question answered with no view given	1	
Respondents who did not answer this question	3	<p>Yes there are issues where (we believe) individual groups are disproportionately affected.</p> <p>In reality of the situation is that governments have still not addressed the key concerns...raised previously mainly in relation to age and gender.</p>