

POLICE PENSION SCHEMES

REPORT ON CONSULTATION ON PROPOSAL TO INCREASE EMPLOYEE CONTRIBUTION RATES AND SUMMARY OF RESPONSES

1. Purpose

The purpose of this paper is to provide a summary of the feedback received to the Scottish Government's recent consultation on increasing employee contributions to the Police Pension Schemes.

2. Introduction

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 proposals for increasing employee pension contributions to the Police Pension Schemes in Scotland for 2012-13, starting 1/4/2012. That consultation followed the Scottish Government's decision to apply these increases in Scotland following confirmation from the UK Government that failure to do so would result in deductions from the 2012-13 Scottish Government budget. The UK Government is seeking to raise contributions by 3.2% average pay by April 2014.

The Scottish Government's consultation began on 7 October 2011, closed on 17 November 2011 and covered increases for 2012-13 only. A short consultation period was necessary because of the UK Government's insistence on the need to bring in the contribution rises by 1 April 2012. This report summarises the 13 responses received by the SPPA to that consultation.

A copy of the consultation documents can be accessed on the SPPA website at [Police Consultations](#).

3. Consultation process

The Scottish Government's consultation document was issued by email to Police employers, Trade Unions and other stakeholders on 7th October 2011. The document was also posted on the SPPA's website for access by police officers. The consultation document set out the Scottish Government's suggested distribution of contribution rate increases (see table below) and was based on those rates proposed by the Home Office in its consultation issued in July 2011 for police officers in England and Wales.

The proposals were that:

- Those earning less than £15,000 (full-time equivalent rate) will pay nothing extra;
- Those earning up to £26,999 (full-time equivalent rate) will pay no more than 0.6% of pay extra in 2012-13 (before tax relief);
- Higher earners will pay extra, but no more than 2.4% of pay in 2012-13 (before tax relief).

Police Pension Scheme (in Scotland)

Pensionable pay band (wholetime equivalent pay)	Current contribution rate	Proposed additional rate	Revised contribution
Up to and including £26,999	11%	0.6%	11.6%
£27,000 and up to and including £59,999	11%	1.25%	12.25%
More than £60,000	11%	1.5%	12.5%

New Police Pension Scheme (in Scotland)

Pensionable pay band (wholetime equivalent pay)	Current contribution rate	Proposed additional rate	Revised contribution
Up to and including £26,999	9.5%	0.6%	10.1%
£27,000 and up to and including £59,999	9.5%	1.0%	10.5%
More than £60,000	9.5%	1.25%	10.75%

Tier 1 covers those on a salary of less than £27,000 equivalent to a Constable with less than two years service

Tier 2 covers those on a salary of more than £27,000 but less than £60,000 equivalent to a Constable with two years or more up to Chief Inspector

Tier 3 covers those on a salary of £60,000 and over equivalent to Superintendent and above

4. Analysis of Responses

The consultation posed 9 questions, one of which provided the opportunity to provide a general response on the policy. Thirteen responses were received, and only a few gave direct answers to some or all of the questions. The main comments are summarised at **Annex A**.

Respondents		Permission to publish response given
Individual responses	7	3
Staff Representative Organisations	(Scottish) representation	
Scottish Police Federation	16,000	Not stated
Employer groups	No. Employees	
SCPOSA	Not stated	Not stated
ACPOS	Not stated	Not stated
COSLA	Employees of 32 Scottish local authorities	Not stated
Fife Council	(345 officers in Fife)	Yes

5. Key messages

Most respondents, including all those staff side organisations who responded, were opposed to any increase in employee contributions. A number of other messages were repeated throughout the consultation responses. Other main comments outwith the questions answered are summarised later in the report.

6. Next Steps/Conclusion

Having considered each of the consultation replies it has been decided to proceed with the rates that are being introduced into the schemes in England and Wales. A further consultation on the draft regulations reflecting this approach was issued on 22 December

Question 1: Should we adopt the England and Wales proposals or adjust them to reflect circumstances in Scotland as long as these still achieve the required additional contribution yield for 2012/13?

	Responses	Main comments made
Adopt	3 (23%)	<ul style="list-style-type: none"> Without access to detailed employee data then difficult to make any comment as to why or if Scotland should be any different Does not support due to absence of up-to-date actuarial valuation of the schemes so true value of them not known. Little room for manoeuvre without affecting core pay and conditions
Adjust	2 (15%)	
Question answered but no view given	3 (24%)	
Respondents who did not answer this question	5 (38%)	

Question 2: How might any Scotland specific adjustments fit with our policy of having agreed salary scales/terms and conditions across the UK?

	Responses	Main comments made
		<ul style="list-style-type: none"> Scotland should aspire to set standards rather than follow race to the bottom Inevitable due to reform in Scotland that divergence will take place
Question answered with view given	2 (15%)	
Question answered but no view given	4 (31%)	
Respondents who did not answer this question	7 (54%)	

Question 3: How might any Scotland specific adjustments be set to ensure that no-one in Scotland pays higher levels of contributions than their UK counterparts?

	Responses	Main comments made
		<ul style="list-style-type: none"> Average increase risks Scottish officers paying more than colleagues elsewhere in the UK. Does not believe 40% will be raised in year one due to the split between PPS and NPPS.
Question answered with view given	3 (23%)	
Question answered but no view given	2 (15%)	
Respondents who did not answer this question	8 (62%)	

Question 4: Do the proposed tiered employee contributions from April 2012 achieve the appropriate balance between:

- **Protecting the low paid;**
- **Minimizing potential opt out from the scheme;**
- **Ensuring that they are set progressively, so that higher earners pay proportionately more?**

	Responses	Main comments made
Yes	3 (23%)	<ul style="list-style-type: none"> • Might have been easier to have linked the tiers to rank as opposed to an earnings figure • Believes HMT projection of 1% opt out is a significant under-estimation
No	4 (31%)	
Question answered but no view given	1 (8%)	
Respondents who did not answer this question	5 (38%)	

Question 5: Do you consider that there are any potential equality issues? For example, is there anything in the proposals that might result in individual groups being disproportionately affected by the proposed contribution tiers?

	Responses	Main comments made
Yes	3 (23%)	<ul style="list-style-type: none"> • Adverse impact on women members – part-time officers mostly women
No	4 (31%)	
Question answered but no view given	0	
Respondents who did not answer this question	6 (46%)	

Question 6: Are there any other specific issues around these potential increases that you would like the Scottish Government to consider?

	Responses	Main comments made
Yes	5 (38%)	<ul style="list-style-type: none"> • Alternative to increasing contributions is changing the benefit structure e.g. career average, accrual rate, ill health benefits, retirement age etc, all of which is probably on agenda for 2015 onwards • Officers with spouse should pay lower amount so as to reduce the impact on household bills
No	1 (8%)	
Question answered but no view given	1 (8%)	
Respondents who did not answer this question	6 (46%)	

Question 7: From an administrative perspective, are there any particular issues that need to be taken into account in introducing a tiered system for the police schemes?

	Responses	Main comments made
Yes	2 (15%)	<ul style="list-style-type: none"> • Payroll systems should already allow this sort of flexibility. Need to know whether or not the rates/tiers levels will change in line with a set index in future, hence the reason it may be more appropriate to link to a pay point/rank • Logical to assume proposals will add unnecessary layers of complication
No	4 (31%)	
Question answered but no view given	0	
Respondents who did not answer this question	7 (54%)	

Question 8: If the contribution rate is set for each year, do you think it would be appropriate to review this for significant changes in salary? If so, what threshold should be used?

	Responses	Main comments made
Yes	3 (23%)	<ul style="list-style-type: none"> • As long as all consistent in approach don't see the problem in only reviewing the rates on an annual basis • Vital that no one member is further disadvantaged any more than the next
No	4 (31%)	
Question answered but no view given	0	
Respondents who did not answer this question	6 (46%)	

Question 9: Do you consider that the proposals for determining the contribution rate for new officers are appropriate?

	Responses	Main comments made
Yes	4 (31%)	<ul style="list-style-type: none"> • Appropriate should be basis for whole year and not increased at 31 weeks
No	1 (8%)	
Question answered but no view given	1 (8%)	
Respondents who did not answer this question	7 (53%)	

Other comments received

- Scottish policing embarking on a period of uncertainty with reform into a single service; retention of experienced staff will be vital in transition and increases of this amount will certainly have an impact on staff morale, motivation and lead to an increase in the number of retirements/leavers.
- Arguable exception for those new to the Force until they are fully trained. Many recruits have just finished college/university and may have various student debts to pay off. Perhaps slightly less contribution rate will be an incentive for them to come into and then stay in the pension scheme.
- Overall strongly opposed to increase and state that SG should ensure continued discussion with UK Government to try to change the course of action.
 - No actuarial valuations so increase in contributions not appropriate.
 - Seen by workforce as 'pay cut'
 - Need to take account of long-term impact – while Hutton still 'on table' inappropriate to take forward this proposal
 - Concern over opt-outs. Impact on recruitment of scheme members.
 - Level of contribution rates should not be considered in isolation – need to look at bigger picture.
 - Work morale will suffer
 - Danger that promoted posts won't get filled.
 - Police and fire reform coinciding with other changes like this does not seem sensible.
 - short consultation period significantly curtailed the ability for full engagement with members.
 - Funding arrangements for police pensions in Scotland are such that there is absolutely no justification for passing increases to members of the police pension schemes.
 - Proposal amounts to nothing more than a cash grab from scheme members and has absolutely no beneficial or indeed detrimental impact on the overall value of police pensions.
 - If the proposal is implemented it will raise hard cash for the Scottish Government which should be reinvested directly into police pay