

THE POLICE PENSION SCHEME (PPS) AND THE NEW POLICE PENSION SCHEME (SCOTLAND) (NPPS)

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

1. Purpose

1.1 The purpose of this paper is to provide a summary of the feedback received to the Scottish Government's recent consultation on regulations increasing employee contributions to the police pension schemes from 1 April 2014.

2. Introduction

2.1 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 proposals for increasing employee pension contributions to the police pension schemes in Scotland for 2014 -15 from 1 April 2014. The consultation also included draft regulations necessary to implement the new rates.

2.2 The Scottish Government's consultation began on 27 January 2014 and closed on 14 February 2014. 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 2014. This report summarises the 679 responses received by SPPA to that consultation.

3. Consultation process

3.1 The Scottish Government's consultation document was issued by email to employers, staff associations and other stakeholders on 27 January 2014. The document was also posted on the SPPA website for access by police officers. The consultation document set out the Scottish Government's suggested distribution of contribution rate increases (see tables below) and was based on those rates proposed by the Home Office in its consultation issued in November 2013 for police officers in England and Wales.

3.2 In proposing the implementation of the same contribution tiers as proposed in England and Wales, the Scottish Government has sought to protect the low paid, apply increases progressively and limit the level of opt out that higher contribution rates may generate.

3.3 The first year of increases was applied from 1 April 2012 and opt-out data has been monitored to check the impact of the increases. There has only been a small increase in opt-outs and the data does not indicate that a change in approach is necessary when considering the distribution of contribution increases for 2014-15. An Equality Impact Assessment will be published in due course.

Police Pension Scheme (Scotland) (1987)

Whole time Pensionable pay band	Current rate (%)	Proposed increase from 2014-15 (%)	Cumulative increase from April 2012	New contribution rate from April 2014
£27,000 and under	12.2%	0.3%	1.5%	12.5%
£27,001- £60,000	13.5%	0.75%	3.25%	14.25%
Over £60,000	14%	1.05%	4.05%	15.05%

New Police Pension Scheme (Scotland) (2006)

Pensionable pay Band	Current rate %	Proposed increase from 2014-15 (%)	Cumulative increase from April 2012	Revised rate (%)
£27,000 and under	10.7%	0.3%	1.5%	11%
£27,001- £60,000	11.5%	0.55%	2.55%	12.05%
Over £60,000	12%	0.75%	3.25%	12.75%

4. Analysis of Responses

4.1 The consultation posed three questions, one of which provided the opportunity to provide a general response on the policy. The main comments are summarised in the tables at **Annex A**.

Respondents		Permission to publish response given
Individual Responses	678	Varied
Staff Representative Organisations	Representation	
Association of Scottish Police Superintendents (ASPS)	1	Yes
Scottish Police Federation	1	Yes

4.2 The following table provides a breakdown of the employment of the individual members who responded (where stated).

Stated employment	Number	%
Police Constable	427	72.1
Sergeant	115	19.4
Inspector	40	6.8
Chief Inspector	7	1.2
Superintendent	2	0.3
Deputy Chief Constable	1	0.2
Total	592	100

Gender	Number	%
Male	535	18.9
Female	125	81.1
Total	660	100

Working Pattern	Number	%
Full time	579	97.6
Part time	14	2.4
Total	593	100

5. Key messages

Scottish Police Federation

- Outlined the unique nature of the work of police officers and the fact that consultations of this nature do not address this;
- The income generated by the additional contributions will not be used towards the UK Government's deficit or debt reduction plans;
- Highlights the view that contribution increases are being imposed due to shortcomings in the private sector;
- Believes that Scotland's police officers should be able to negotiate their pensions with their government without pre-conditions;
- Shocked at the extra 0.05% addition is being added in Scotland given this is a consequence of the England and Wales demographics changing;
- Believes that the absence of a valuation makes contribution increases impossible to justify;
- Likelier risk of opt out with contributions at an even higher level;
- View that any contribution increases should follow same pattern as is applied to general taxation.

ASPS

- Feel it is highly unlikely that this change in contributions will meet the Scottish Government's objectives as the contribution rate for police officers will now become excessive and may have an adverse impact on constables and new entrants to the Service

The strong message from members is that they will or are already considering opting out of the scheme due to the increased cost of living.

6. Next Steps

6.1 The Scottish Government is now considering its response to the consultation exercise. The recommended contribution rates will be submitted to the Scottish Ministers for consideration and final approval. Once agreed they will be included in regulations and after further consultation will be laid before the Scottish parliament to come into effect on 1 April 2014.

Annex A:

Question 1: Do the proposed tiered contributions meet the Scottish Government's objectives of protecting the low paid and minimising opt outs from the scheme?

	Responses
Yes	40
No	264
Respondents who did not answer this question	375
Key Comments:	
<ul style="list-style-type: none">• This will have the opposite effect on opt out numbers. The contribution rate far outweighs any pension scheme in the private sector.• This new scheme should have only been for new employees. Many feel this is a betrayal of the contract they entered into. Such high percentages will also not be attractive to new officers.• Given that pay is not keeping pace with inflation, this increase is a further dent on the take home salary of every member of the force.• The level of contributions is not assisting anyone in the Police, let alone the low paid.	

Question 2: Are alternative rates which you think should be used that will deliver the necessary increased contribution yield for 2014/15? If so, it would be very helpful if you would set out the rationale for your proposed rates and comment on the impact on those who would pay a higher rate.

	Responses
Yes	110
No	115
Respondents who did not answer this question	454
<p>Key Comments:</p> <ul style="list-style-type: none"> • A current rate of 11% was fair and satisfactory in my opinion. We then get out of the police pension exactly what we paid in over 30 years. • Given the contributions are rising; paying in for longer and getting less out, is inherently unfair. This breaches the agreement officers signed when they first took up employment in the Police. • An increase in pay at least equivalent to the increase in rates would help. • Increase has come at a time when Police have had no pay increases for the last few years - coupled with rising living costs and previous pensions increases it is effectively another pay cut. • Rates should remain in place given the current cost of living. • Perhaps altering the pension of retired officers to share the burden would be appropriate. 	

Question 3: Are there any consequences of the proposed contribution tiers that you consider have not been addressed?

	Responses
Yes	144
No	62
Respondents who did not answer this question	473
<p>Key Comments:</p> <ul style="list-style-type: none"> • The Government have not taken into account the fact that while our contributions have increased, our wages have not, effectively meaning a potential wage cut to police officers of 4% over 3 years. This is money that we can ill afford. • The morale of the officers is sure to take another fall given this increase and only a 1% pay rise, on top of the removal of the public holiday payments and the merge of the local forces, which many have disagreed with. • If people opt out now who will be funding the pension scheme in future years. Furthermore if officers have to work until they are older, that surely presents problems for the future as the police service will have to continue to pay officers on the top salary for a lot longer, which in turn will have an impact on the ability to recruit new officers who would be coming in on a much reduced salary in comparison. • Losing skilled workers who felt that the pension was a reason to stay with the police if people are starting to get less of a salary due to increases in contributions they may well leave the service all together. • The recovery in the economy and increases in tax revenue should allow the Scottish Government to make up the funding gap. • These increases push an already financially stretched workforce further towards poverty. By the very nature of the role of a police officer the majority of the workforce cannot choose low cost options - many officers have to drive to work rather than use public transport as it does not operate at the times required to fit with shift patterns and postings can be to areas that are not well serviced by public transport or to places of work that change on a regular basis. Again, due to shift patterns, there is no choice but to pay for greater child care than you may otherwise need. There is very little flexibility or option for supplementing income and in general this is not supported by the organisation. 	