

Scottish Teachers' Superannuation Scheme (STSS)

Analysis of the responses to the consultation document 'Review of the Scottish Teachers' Superannuation Scheme'

Background

In December 2002 the UK Government published its plans for pension reform – the main change being the proposal to raise the normal pension age for most public servants from 60 to 65. In June 2003, following a lengthy consultation exercise, the UK Government announced that it intended to proceed with its proposals. In October 2003 a review of all 3 teachers' pension schemes began and in October 2004, SPPA consulted upon possible options for changes to the STSS. This report has been based on 1772 responses to the consultation document.

The breakdown of respondents was as follows:

Teacher 1657

Lecturer 65

Other 17

Employer – local authority, independent, FE, HE, Other 19

Union representative 14

(Those which fell into the 'other' category, included educational psychologists, educational officers, quality improvement officers, probationer teachers.)

Apart from the first 25 the vast majority of the responses simply reflected the advice issued by unions on how to reply. Therefore, there is a large degree of commonality.

Overview

Respondents and their representatives are strongly opposed to the increase in normal pension age from 60 to 65.

Respondents were mainly happy with the current scheme - they valued the fact that the STSS is a final salary defined benefit scheme, they could move between employers without having to leave the scheme and could retire at 60. They would welcome improvements in dependants' benefits such as death in service and children's pensions. There was also support for spouses' pensions payable for life. However, there was little support for increased employee contributions.

Table of Responses

Packages and Costs

Question 1. What do you value most about the scheme?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of Total replies
Secure, Defined benefits, Final Salary Scheme	1250	47	4	16	24	1341	76%
Retirement at 60	1255	46	1	8	13	1323	75%
Movement between employers	690	21	2	7	7	727	41%
Lump sum	37	2	0	0	0	39	2%
Index Linked	19	0	0	2	2	21	1%
Employer Contributions	17	0	2	0	0	19	1%

Question 2. What improvement would you value most from the options for possible change?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Move to a 60 th scheme	1308	57	7	12	14	1398	79%
Commute 25% fund value to a Lump Sum	863	33	1	11	8	916	52%
Unmarried Partner/Spouse Pension for Life	776	27	0	8	8	819	46%
Improved Dependant's Pension	445	21	2	4	6	478	27%
Improved Death in Service Benefits	724	30	4	8	6	772	44%
Improved Ill Health Benefits	720	33	4	7	7	771	44%
Improved Stepping down	641	22	0	4	8	675	38%
Improved Transitional Arrangements	459	21	0	3	0	483	27%
Improved Winding Down	106	2	0	0	0	108	6%

Question 3A. Would you, as members, be prepared to pay more than the current 6% contribution for improved benefits?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Yes	115	11	2	0	1	129	7%
No	1408	54	3	14	16	1495	85%

Question 3B. If so, how much more would you be willing to pay for improved personal benefits?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
0% - 4%	64	5	1	0	0	70	4%
5% - 10%	10	0	0	0	0	10	0.6%
12%	1	0	0	0	0	1	0.05%

Question 3C. And/or improved family benefits?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
0.5%	2	0	0	0	0	2	0.1%
1%	3	0	0	0	0	3	0.2%
2%	11	0	0	0	0	11	0.6%
3%	1	1	0	0	0	1	0.05%
up to 10%	2	0	0	0	0	2	0.1%

Human Resource Implications

Question 4. What could be done to increase the use of the existing provisions?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Better Publicity	1166	39	6	14	14	1239	70%
No coercion by Employers	363	20	0	4	7	394	22%
Financial Awareness	714	25	2	6	6	753	42%
Changes Members choice	460	16	0	0	7	483	27%

Question 5A. Are you content with the options being considered as detailed in paragraph 4.41?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Yes	313	17	3	3	15	351	20%
Yes-only if not linked to pension age 65	1041	34	12	12	2	1101	62%
No	52	4	0	0	0	56	3%

Question 5B. Do you have any other ideas in relation to new flexibilities for consideration? If so, please specify:

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Yes	1177	51	6	11	12	1257	71%
No	154	9	7	1	2	173	10%

Other ideas specified:

There should be a facility whereby members can convert their service from 80ths into 60ths should they so desire. This should be in respect of both actual service accrued and service purchased under a Past Added Years contract.

Members should be entitled to unreduced benefits when they accrue 35 years pensionable service irrespective of their age.

Question 6A. Do you envisage any barriers that could prevent the successful introduction of these changes?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Yes	98	5	8	0	1	112	6%
No	1299	57	5	13	15	1389	78%

Questions 6B. If so, how could these barriers be overcome?

Comments
Maintain retirement age of 60
Changes should only apply to new entrants
Effective communication/awareness of options

Question 7. Do you agree that the increased pension flexibilities will support recruitment and retention?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Yes	20	25	9	1	1	56	3%
Yes-only if not linked to a rise in pension age	1274	39	2	12	15	1342	76%
No	126	2	4	0	1	133	8%
Not Sure	3	0	0	0	0	3	0.2%

Question 8. What more can be done to promote ‘winding down’ to retirement as a natural event that does not carry with it any suggestion of “not being up to the job”?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Right Not an Option	1112	37	3	12	13	1177	66%
Available for those in promoted posts	403	18	0	1	3	425	24%
Protection ensured for pension benefits	510	17	1	6	4	538	30%
Neutral/unbiased info	397	15	3	3	8	426	24%
No pressure to wind down	350	25	0	3	5	383	22%

Question 9. What are the implications for Human Resource management of taking full advantage of increased flexibility in the way which individuals are supported in the transition from work to retirement?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Employers to bear costs of part time arrangements	743	29	1	7	4	784	44%
Options presented in a way that ensures that members are not persuaded to take action they are not happy with	804	29	0	10	6	849	48%

Flexible Retirement

Question 10. Would STSS members and employers welcome proposals to allow members to draw some or all of their pension from the age of 55, whilst remaining in the same employment?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Yes – long overdue	1423	62	16	14	14	1529	86%
No	23	1	1	0	1	26	1%

Question 11A. What other flexibilities would you like to see?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Remove restriction of 10% salary increase over and above any normal pay increase	1067	40	2	12	8	1129	64%

Question 11B. What improvements would they produce?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Better motivated workforce	1028	35	1	10	8	1082	61%
Greater planning for retirement	896	31	2	12	8	949	54%
Better recruitment	6	0	0	1	0	7	0.4%
Happier teachers	10	0	0	0	0	10	0.6%
Higher retention of staff	6	0	0	0	0	6	0.3%

Question 11C. How could these flexibilities be used to support more modern working practices?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Greater Choice	856	28	3	7	7	901	51%
More motivated	732	27	0	8	8	775	44%
Less opposition to change and modern working practices	168	20	0	0	0	188	11%
Should not be forced on members	430	14	0	6	3	641	36%

III Health

Question 12. Do you agree with the principle that the level of ill health retirement benefit should take account of the severity of the medical condition and future earnings capacity?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Agree	72	9	9	2	2	94	5%
Disagree	1285	50	5	11	14	1365	77%
Not Sure	90	4	4	3	2	103	6%

Question 13. Do you agree that the proposed rate of enhancement of one-half of prospective service to normal pension ages is an appropriate level of compensation for those unable to work in any capacity?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Yes	109	8	9	0	2	128	7%
No	1322	54	4	11	12	1403	79%

Question 14. Would scheme members be prepared to pay more than 6% to ensure that this, or higher rate of enhancement was provided?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Yes	75	13	0	0	2	90	5%
No	1397	51	4	13	14	1479	83%

Question 15. Do you agree that ill health retirement benefits should be paid to out of service members in line with proposal

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Agree	49	7	8	2	1	67	4%
Disagree	1301	51	3	11	13	1397	79%
Not Sure	90	4	3	0	1	98	6%

Question 16A. Should members be allowed to elect to move to the new arrangements in advance of 2013?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Yes	268	25	13	0	5	311	18%
Yes-only if member can still retire at 60 with no ARP	1141	37	0	12	10	1200	68%
No	47	1	1	0	0	49	2.8%

Question 16B. If so, should members be allowed to exercise this option any time before 2013?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Yes	646	22	9	3	4	373	21%
Yes-only if member can still retire at 60 with no ARP	1067	37	0	11	11	1126	64%
No	27	3	7	0	0	37	2%

Question 16C. Or as a one-off options exercise?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Yes	11	0	8	0	0	19	1%
No	1414	62	4	14	14	1508	85%

Question 16D. What are the advantages and disadvantages of each option for scheme members and employers?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Permits Personal choice	610	26	2	10	5	653	38%
Not as a one-off option with no flexibility	692	27	0	6	8	733	41%
Anytime before 2013	615	20	1	8	3	647	37%

Premature Retirement and Severance

Question 17A. What are the policy reasons for retaining a service and/or age-related benefit structure for compensation for loss of employment?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
More difficult to find work at 50	1002	46	6	13	9	1076	61%
Length/Continuity of service should be factored in	979	40	0	9	10	1038	59%

Question 17B. In what circumstances might service and/or age related benefits be appropriate; and what form might they take?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representative	Other	Total	% of total replies received
Redundancy	990	40	3	10	6	1049	59%
Reorganisation	964	38	1	10	5	1018	57%
Closure	608	23	1	12	4	648	37%
Falling Roles/Curriculum	604	18	0	8	3	633	36%
Benefits in full for PRC	685	27	0	8	7	727	41%
Benefits not less than present	588	24	0	6	5	623	35%

Question 17C. Would employers find it beneficial if SPPA were to act as the suitable person under Regulation 19A of the Teachers' (Compensation for Premature Retirement) Regulations 1996 (as amended) so that employers could discharge their liability for payment of either mandatory or discretionary compensation (enhancement) by payment of a capitalised lump sum to SPPA?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Yes	1313	55	10	13	13	1404	79%
No	10	0	2	0	0	12	0.7%

Buying Additional Pension Benefits

Question 18. Would members find it beneficial if the existing added years provisions were changed to allow the purchase of ‘additional pension’ without the need for an earlier break in service?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Yes	1430	61	7	14	16	1528	86%
No	17	0	2	0	0	19	1%

Question 19A. If scheme rules were changed to allow increased scope to buy additional benefits within the STSS, would you make use of those provisions?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Yes	887	36	5	8	9	945	53%
No	145	5	2	2	0	154	9%

Question 19B. What ways of making additional contributions would you find most useful, for example, lump sum payments, or higher regular contributions?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Lump Sum	31	3	1	0	0	35	2%
Higher Regular Contributions	134	4	1	1	1	141	8%
Both	98	6	3	2	3	112	6%
Range of Options	1058	40	2	9	7	1116	63%

Question 20. Do you agree that the in-house AVC scheme usefully complements the STSS added years facility?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Agree	1231	50	8	14	13	1316	74%
Disagree	59	6	2	1	1	69	4%
Not Sure	126	5	0	0	0	131	7%

Question 21A. Do you agree with the arguments in section 9.7 for retaining Current Added Years provision only for members of the Reserve Forces?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Agree	26	5	4	0	1	36	2%
Disagree	1317	53	5	13	12	1400	79%
Not Sure	96	5	2	1	2	106	6%

Question 21B. If you disagree please include your justification, along with any safeguards that could be include, here:

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
No matter mid or end career	543	28	0	2	3	576	33%
Working abroad	698	26	1	6	4	735	41%
Maintain status quo	91	1	1	0	0	93	5%
Retain as not additional cost to the scheme	594	30	0	2	4	630	36%
Globalisation of workforce	246	0	0	1	3	250	14%

Question 22. Are there any specific Scottish issues that you would like addressed in this review?

Comments	Teachers	Lecturers	Employers and Human Resources	Union Representatives	Other	Total	% of total replies received
Yes	1285	52	3	13	13	1366	77%
No	43	4	8	0	1	56	3%

Increase employers' contribution rate by 1% to bring it in line with Teachers' Pension Scheme, England and Wales.

Question 23. Would you welcome any further comments you may have.

Comments

Changes only acceptable if not linked to an increase in pension age to 65

Unfair to move the goalposts

Changes should only apply to new members

The Way Forward

It is evident that the proposed changes, particularly for existing staff, have met with strong opposition from members and their representatives. In light of the general level of concern over the proposals the UK Government announced new negotiations with unions and employees. A summit was held on 31 March, the outcome from this was agreement that change was necessary, that negotiations at scheme specific level would continue and that the Public Service Forum* would set the framework and context. The UK Government will have to make decisions on the parameters before any negotiations can commence.

Because policy responsibility on pensions is reserved, and because of the overarching need to retain consistency across the UK no separate negotiations are proposed with staff sides in Scotland on the key issues of pension reform.

Following general agreement at UK level SPPA will consider in consultation with staff sides whether there are any distinctive Scottish issues which could be included in pension schemes. These would have to be in line with UK policy and funded on a cost neutral basis. Thereafter SPPA will submit recommendations to Scottish Ministers for the final design of the new schemes before undertaking further technical consultations.

*The Public Services Forum (PSF) promotes a dialogue between Government departments, employers and the TUC on workforce and public services reform.