

## **SCOTTISH TEACHERS' SUPERANNUATION SCHEME (STSS)**

### **REPORT ON CONSULTATION ON DRAFT REGULATIONS 'THE TEACHERS' PENSION SCHEME (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 Teachers' Pension Scheme (Scotland) Regulations 2014. The draft regulations represent the first part of two sets of regulations required to introduce the reformed scheme Teachers scheme from 1 April 2015. The second part when completed will be consulted on during the summer.

#### **2. Background**

2.1 In March 2012, Michael Russell MSP, Cabinet Secretary for Education and Lifelong Learning, announced that the Scottish Teachers' Pension Scheme Negotiating Group (STPSNG) would be set up to take forward reform of the STSS. This Group comprised representatives of teachers' unions, teachers' employers, the Scottish Public Pensions Agency and was chaired by the Scottish Government Education Directorate. The STPSNG held its first meeting in April 2012 and met 14 times during 2012/2013.

2.2 The STPSNG negotiations commenced using as a benchmark the reformed scheme for the Teachers' Pensions Scheme for England and Wales announced by the Department for Education on 9 March 2012. The negotiations were also subject to the constraints on scheme design arising from the development and introduction of the Public Service Pensions Act 2013.

2.3 Despite lengthy negotiations it was not possible to reach an agreement and it was therefore concluded in December 2013 that it was not possible to achieve a distinctly Scottish specific teachers' pension scheme and that the benchmark scheme design should be applied in Scotland.

2.4 Draft regulations were then prepared to reflect the benchmark 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 Scottish Teachers' Pension Scheme Scotland to be implemented on 1 April 2015.

3.2 The Scottish Government's consultation began on 20 December 2013 and closed on 14 February 2014. This report summarises the 166 responses received by the SPPA to that consultation.

#### 4. Consultation process

4.1 The Scottish Government's consultation document was issued by email to STSS stakeholders on 20 December 2013. The document was also posted on the SPPA's website.

4.2 The proposals on which the draft regulations are based are available to view in full in the [framework document](#) that sets out the final design of the 2015 scheme on the SPPA website.

#### 5. Analysis of Responses

The consultation posed 2 questions around these proposals. The main comments are summarised in the tables at Annex A.

The breakdown of respondents is as follows:

<b>Respondents</b>	<b>Permission to publish response given</b>
<b>Individual responses (156)</b>	Varying
<b>Employers (3)</b>	
Aberdeen City Council	No
South Lanarkshire Council	Yes
West Dunbartonshire Council	Not specified
<b>Teachers' unions (6)</b>	
Educational Institute of Scotland (EIS)	Yes
VOICE the Union	Not specified
School Leaders' Scotland (SLS)	Yes
NASUWT	Not specified
Scottish Council of Independent Schools (SCIS)	Yes
Scottish Secondary Teachers' Association (SSTA)	No
<b>Others (1)</b>	
Prudential	Yes
<b>Scheme membership as at 31/03/2013</b>	<b>79,628<sup>1</sup></b>

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

<b>Stated employment</b>	<b>Number</b>	<b>%</b>
Primary school teacher	27	18.5
Secondary school teacher	72	49.3
Headteacher or depute	23	15.8
Lecturer in further or higher education	10	6.8
Teacher in independent school	6	4.1
Retired	1	0.7
Other	7	4.8
<b>Total</b>	<b>146</b>	

<b>Gender</b>	<b>Number</b>	<b>%</b>
Male	67	53.5
Female	77	46.5
<b>Total</b>	<b>144</b>	

<b>Working pattern</b>	<b>Number</b>	<b>%</b>
Part-time	11	7.6
Full-time	134	92.4
<b>Total</b>	<b>145</b>	

<sup>1</sup> STSS Annual Report and Accounts 2012-13

## **6. Key Messages**

- The scheme is already viable and affordable and does not need to be altered
- Respondents were disappointed that the Scottish Government had not found additional resources from within its own budget to offset the extra costs of keeping the status quo.
- Some respondents considered the increase in retirement age and the additional resulting contributions to be wholly unjustified as the scheme moves to a redesigned CARE pension scheme from April 2015.
- The increase in the normal pension age from 60 to 68 is discriminatory against younger teachers
- A number of respondents were also concerned about increasing employee contributions during a pay freeze, compounded for many by the removal of child benefit, loss of tax credits and increases in NI contributions. This is addressed in the consultation on employee contribution increases.

- The number of flexibilities within the scheme and number of choices may be counter-productive, as members who are presented with so many options will take no action at all
- Some respondents believe that these reforms are based on ideological antagonism towards public sector pensions and workers and are not based on the evidence available.
- Many used the consultation to express their opposition and anger to the reformed scheme and its effects, particularly the rise of the normal retirement age.
- Teachers' morale is at an all-time low and these further changes could only be more demoralising to the teaching profession.

## **7. Next Steps**

The Scottish Government will consider the responses to the consultation exercise. Scottish Ministers will agree the framework of the new scheme and will bring forward regulations to be laid before the Scottish Parliament in order to come into effect on 1 April 2015.

**Question 1: Do these regulations correctly reflect the scheme design set out in the Scottish Government's Framework Document?**

	Responses
Yes	32
No	22
Respondents who did not answer this question	112
Main comments made:	
<ul style="list-style-type: none"> <li>• Whilst still opposed to the UK Government's policy of increasing contributions, the regulations do reflect the scheme design in the framework document.</li> <li>• A number of respondents were unsure as they are not familiar with regulations</li> <li>• These regulations reflect the UK wide approach which assists the lower paid but which has had a huge financial impact on higher paid posts</li> <li>• A number of respondents have stated that whilst opposed to the Policy of the regulations, they are laid out in a relatively straight forward format</li> <li>• Some respondents found both the layout and content of the regulations confusing and difficult to follow</li> <li>• Many respondents expressed their opinion on the content of the framework document, and their opposition to the changes rather than commenting on the regulations correctly reflecting the framework document.</li> </ul>	

**Question 2: The format of the draft regulations is set out differently from the 2005 Regulations. Do you have any comments on the format of the 2014 Regulations?**

	Responses
Yes	14
No	41
Respondents who did not answer this question	111
Main comments made:	
<ul style="list-style-type: none"><li>• Some commented that the layout could be better but did not offer alternatives</li><li>• Regretful that the consultation did not offer the opportunity to comment on the scheme design</li><li>• Generally clearly laid out well</li><li>• Relatively easy to follow but will inevitably cause early confusion until the scheme is fully embedded and starts to effect existing scheme members</li><li>• Some respondents felt that these regulations alongside many documents relating to pensions were of a confusing nature</li><li>• Many respondents declined to comment on this question</li></ul>	