

POLICY NOTE

THE FIREMEN'S PENSION SCHEME (AMENDMENT) (SCOTLAND) ORDER 2014

SSI 2014/59

THE FIREFIGHTERS' PENSION SCHEME (SCOTLAND) AMENDMENT ORDER 2014

SSI 2014/60

The above instruments were made in exercise of the powers conferred by the preserved section 26 (1) to (5) of the Fire Services Act 1947 and sections 34 and 60 of the Fire and Rescue Services Act 2004. Functions under these Acts as regards Scotland have been executively devolved to the Scottish Ministers. The instruments are subject to negative procedure.

Policy Objectives

The Firemen's Pension Scheme Order 1992 (SI 1992/129) and the Firefighters' Pension Scheme (Scotland) Order 2007 (SSI 2007/199) require members of both firefighter pension Schemes to pay contributions to the relevant Scheme as a condition of membership. Although the Scottish Ministers have certain responsibilities in relation to the fire schemes, wider policy for occupational pensions is reserved to the UK Government.

The 2010 UK Spending Review set out the UK Government's intention to increase members' contribution rates in public service pension schemes by an average of 3.2 per cent of pay by April 2014 with the increases spread across three years. The first increase was applied with effect from 1 April 2012 and also introduced "tiered" contribution rates which reflect that higher earners generally receive larger scheme benefits from final salary defined benefit schemes. Following further consideration of this policy and whether there were any viable alternatives, Scottish Ministers determined to apply the second round of increases.

The Cabinet Secretary for Finance Employment and Sustainable Growth, John Swinney MSP, confirmed on 5 November 2013 that the third increase would be implemented from 1 April 2014 and the above instruments make provision for these increases.

Consultation

A formal consultation was undertaken from 27 January to 14 February 2014. The consultation was issued to representatives of firefighters and employers and relevant Scottish and UK Government Departments. Unions remain opposed in principle to any increases to members' contributions. 3 responses were received to the consultation and a summary of the consultation responses will be made available on the Scottish Public Pensions Agency website www.sppa.gov.uk.

Impact Assessments

An equality impact statement on the introduction of this policy is being finalised and will reflect these instruments.

Financial Effects

The increases are designed to raise on average increases in employees' contributions of 3.2% by April 2014 as part of the UK Government's policy Business and Regulatory Impact Assessment.

Business and Regulatory Impact Assessment

This policy introduces the final of three increases to employee scheme contributions. The limited available data indicates the number of opt outs from the Schemes has not been affected by this policy. No Business and Regulatory Impact Assessment is necessary as the instrument has no financial effects on the Scottish Government, local government or on business.

Scottish Public Pensions Agency
An Agency of the Scottish Government
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