

The views of firefighters in Scotland about their pension scheme

Summary of Responses

**Scottish Government
7 January 2013**



Scottish Government
Safer Communities Directorate
Fire and Rescue Services Division
St Andrews House
3 Regent Road
Edinburgh
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Introduction

1. This report provides a summary and analysis of the written responses received by the Scottish Government about: *The views of firefighters in Scotland about their pension scheme*. It provides respondents' views on the impact of increasing employee contributions and longer term changes to the scheme.
2. The Scottish Government is committed to genuine engagement on how a reformed firefighters' pension scheme can be designed to suit Scottish circumstances; the new scheme should reflect the unique nature of firefighters' work and within that context be affordable, sustainable and fair.
3. The UK Government, when they introduced firefighters' pension contribution increases in 2012, committed to review the impact of the increases on members opting out of the firefighters' pension scheme. The Scottish Government remains wholly opposed to these increases being applied at this time and in this way.
4. As Scottish firefighters were not invited to participate in the UK Government review, we undertook a similar review to ensure that Scottish firefighters are not disadvantaged and so that their opinions were noted. To ensure comparability the questions asked in this review mirrored those asked in the UK Government review "Attitudes of Firefighters to their Pension Scheme".
5. There are currently two firefighter schemes in Scotland: the Firefighters' Pension Scheme 1992 closed to new members from April 2006 and has a Normal Pension Age of 55 (although members can retire from age 50 with 25 years service); and the New Firefighters' Pension Scheme 2006 has a Normal Pension Age of 60.
6. The overwhelming majority of public service pensions policy remains a reserved matter for the UK Government with almost all public sector pension schemes included within the scope of the UK Government's Public Service Pensions Bill; once that Bill is enacted, the Scottish Government will have no alternative but to comply with that primary legislation.
7. Any enquiries about this report should be sent to:

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8. The Scottish Government would like to thank all firefighters who took the time to consider and respond to this review.

The views of firefighters in Scotland about their pension scheme

Summary of the Review

1. A total of 400 responses were received from a wide variety of ranks within the Scottish fire & rescue services. 306 of those responding were members of the Firefighters Pension Scheme 1992 (FPS) and 45 were members of the New Firefighters Pension Scheme 2006 (NFPS). A further 49 responses were received without confirmation of their member pension scheme.
2. Firefighters' views about opting out of their pension scheme varied depending on their length of service. Those with longer service and closest to retirement, whilst not agreeing with the UK Government proposed pension changes, were most likely to remain in their pension scheme.
3. Though almost all said they had considered opting out of their pension scheme, many of those who are close to their pension scheme Normal Pension Age (NPA) commented that it would not be financially worth their while to opt out.
4. Firefighters with a shorter length of service stated they would consider opting out of their scheme and investing elsewhere if the UK Government proposed contribution rate increases rose still further.
5. Many firefighters commented that the increase in contribution rates, coupled with the public sector pay freeze, had left them considerably worse off financially and this would be a contributory factor in their decision of whether to opt out or not. While none of the 400 firefighters who responded have yet opted out of their pension scheme, the majority stated that they have considered doing so.
6. One of the greatest areas of concern for those in the FPS is the UK Government's proposed firefighters' NPA of age 60 as the current NPA for the FPS is age 55 (although on completion of 25 years service they can retire from age 50). The main cause for their concern was fitness, with a high number of firefighters voicing their concern that the required level of fitness could not be sustained for those aged 50-60, which may result in an increased number of ill-health retirements.
7. From the responses received it was not clear if firefighters were aware that the proposed pension reforms offer protection for those within 10 years of their NPA to remain in their current pension scheme or if they would individually benefit from that protection.

Question 1

(i) Name of your Pension Scheme	FPS NFPS
(ii) Your current rank	
(iii) Your length of service	
(iv) Duty system	
(v) Gender	Male Female

Responses were received from a cross selection of firefighters as follows:

Name of your Pension Scheme:

- FPS 76.5%
- NFPS 11.25%
- Not Known 12.25%

Your Current Rank:

	FPS	NFPS
Firefighter	41%	73%
Crew Commander	20%	7%
Watch Commander	20%	2%
Other	11%	0%
Not Known	8%	18%

Your Length of Service:

	FPS	NFPS
Under 10 years	12%	83%
Under 20 years	42%	7%
Under 30 years	37%	4%
30 years plus	1%	0%
Not Known	8%	6%

Duty System:

	FPS	NFPS
Whole Time	89%	79%
Retained	0%	0%
WT & Retained	1%	1%
Not Known	10%	20%

Gender:

- Male 96%
- Female 4%

Question 2

What are your views about your pension scheme and the benefits it provides?

The majority of firefighters all felt that whilst they contributed a significant amount to their pension, they, in turn, received a good return in pension payments upon reaching retiral age. Most commented that the current schemes provide flexibility in providing a realistic retiral age and length of service whilst taking into account the physical demands of the job and the physical standards required to remain employed as a firefighter.

There was a significant degree of dissatisfaction with the UK Government proposed changes to firefighters' pension schemes with the majority of firefighters commenting that they would not have joined the proposed pension scheme and that the UK Government was breaking an existing agreement. Some felt that they had been "miss-sold a pension" by the UK Government. Overall, firefighters have no confidence that, following the current proposed changes to firefighters' pension schemes, the UK Government will make no further changes in the future.

Question 3

What motivates you to remain in your pension scheme?

Responses to this varied depending on length of service. Firefighters with longer service i.e. those in the older FPS and those approaching their NPA retirement age stated they would remain in the scheme as they did not consider it to be worthwhile to change when nearing the end of their career. Those with fewer years service i.e. members of the NFPS felt there were no incentives to remain in the scheme and as such were giving serious consideration to leaving. Most commented the current NPA and the benefits payable, which afforded financial security on retirement, were the main motivations for remaining in their pension scheme.

Question 4

What are your views about pension contribution increases in 2012-13?

The majority of firefighters thought the UK Government imposed contribution rate increases were too high; with individual comments such as: "excessive", "unfair", "scandalous", "disgraceful" and "unaffordable". Most firefighters understood the rationale behind the increases, but as they have not received a salary increase for the previous two years, said that they were unhappy with the contribution rate increases imposed to date. Comments were made that the contribution rate increases, coupled with no increase in salary, effectively meant they had received a pay cut. Some felt that the return on investment into their pension scheme is being marginalised further with the current, and any future, contribution rate increase.

Most firefighters commented that they expected the anticipated benefits in their current pension scheme to be honoured, whilst some commented they felt they were being penalised by the UK Government for mistakes which were not of their making.

Question 5

What, if any, are the key sources of concern regarding the contribution increases?

Among the key sources of concern regarding contribution rate increases imposed by the UK Government are: the decrease in disposable income; the amount of any future contribution increases with the ongoing effect on household income; and the uncertainty of long term pension reward.

Some commented that as a result of the contribution increases, coupled with no increase in salary, firefighters' standard of living is going backwards. Many feel that future increases will become unaffordable and unsustainable for them, leaving them no option but to opt out of the pension scheme.

Question 6

- (i) **Have you opted out of their pension scheme?** Y/N
(ii) **Have you considered opting out of your pension scheme?** Y/N
(iii) **If yes, what were the reasons for considering/opting out?**

Whilst none of the 400 firefighters who responded have, as yet, opted out of their pension scheme, the majority stated that they have given consideration to opting out:

- 75% of responses received from members of the FPS, and
- 74% of responses received from members of the NFPS.

The over-riding reason given for considering opting out is the on-going increasing cost of contributions and the effect the increase has on disposable household income. Others feel that they do not wish to pay into a scheme whereby they would have to work longer and receive less of a pension than they originally "signed up" to.

A number of firefighters who transferred previous pension contributions into the firefighters pension scheme felt cheated of the benefit of those contributions. They consider that the UK Government proposed changes to public sector pensions, outlined in the Public Sector Pensions Bill 2012, which will require firefighters to work longer for fewer benefits, mean they have, in effect, lost their previous contributions. Further comments were made that they would have been financially better off freezing previous contributions or investing them elsewhere.

Question 7

Are you aware of the consequences of opting out? Y/N

All firefighters who have considered opting out confirmed that they are aware of the consequences of doing so:

- 91% of responses received from members of the FPS, and
- 80% of responses received from members of the NFPS.

Some commented that the UK Government proposed normal pension age of 60 is unrealistic in what is a physically demanding occupation. There are concerns that due to the physicality of the job there is a real possibility that they could lose their job due to ill health before reaching age 60. Others stated they have little faith in the UK Government guarantee about any future benefits from the pension scheme and as a result, they would consider investing in a private scheme as an alternative.

Question 8

What are your views about further pension contribution increases in 2013-14 and 2014-15?

The majority felt any further UK Government contribution increases would be financially punitive on household incomes and would be unsustainable. They also felt that firefighters already pay one of the highest pension contribution rates within the public sector and that any further increases would be unjustified. Firefighters have not had any increase in their salary for the previous 2 years and further contribution increases, imposed by Westminster, would substantially reduce their disposable income. Feelings are high that firefighters are being penalised by the UK Government to fund a deficit not of their making.

Question 9

What is the likelihood of you opting out of your pension scheme if contribution rates further increase (from 2013-14 onwards) by the following amounts:

The majority answered that they would be unlikely to opt out if contribution rates increased by 0%. The table below shows the responses received for their likely opt out if contribution rates further increase by 0-4%:

Percentage Increase	Very Likely		Likely		Unlikely	
	FPS	NFPS	FPS	NFPS	FPS	NFPS
0%	3	2	2	0	95	98
1%	11	20	28	29	61	51
2%	29	36	40	53	31	11
3%	58	64	25	27	17	9
4%	74	85	11	13	15	2

Question 10

If you have recently joined the Fire and Rescue Service, did you choose not to join your employer pension scheme? Y/N

(i) If yes, what were your reasons for not joining?

No firefighters answered this in the negative.

Question 11

To what extent is the proposed Normal Pension Age (NPA) increase to age 60 likely to influence your decision on whether to remain a member of your pension scheme? Would you say that as an influencing factor, the contribution rate is more significant than retirement age, do they rank equally or would you consider the combined effect?

The majority of responses received from members of the FPS indicated that the UK Government's proposed increase to the NPA and contribution rate increases rank equally when giving consideration on whether to remain a member of their pension scheme. A great number of those firefighters voiced their opinion that a number of firefighters would not, at age 60 years, be capable of achieving the fitness levels required to allow them to carry out the physically demanding role of an active firefighter. They felt this would result in firefighters being found unfit for duty and subsequently retired on medical grounds. Respondees saw this as a method, by the UK Government, of reducing the overall number of full time firefighters.

The majority of responses received from members of the NFPS considered the contribution increases to be of primary importance.

The Scottish Government would like to thank all firefighters who took the time to consider and respond to this review.