

POLICE PENSION SCHEME 04/2015

WHO SHOULD READ: Chief Constable of Police Scotland
ACTION: For information and action. Please draw this to the attention of payroll managers.
SUBJECT: Employer contribution rate from 1 April 2015

The purpose of this circular is to confirm:

- The employer contribution rate applicable for all 3 police schemes effective from 1 April 2015.
- The cost cap set by the 2012 valuation.

1. The 2012 scheme valuation has now concluded and details will be published shortly on the SPPA website. The valuation of the scheme has been undertaken in line with HM Treasury Directions and provides for both the employer contribution rate for the period 1 April 2015 to 31 March 2019 and sets the initial employer cost cap.

2. Employer Contribution rate

2.1 In line with the current approach there will be a composite employer contribution rate applying to all three Police pension schemes. The rate will be **23.1%** and will apply for the period 1 April 2015 to 31 March 2019.

2.2 The rate of 23.1% continues to take account of additional payments made for each ill-health retirement known as capital equivalent charges. These payments must be made for each and every ill-health retirement as part of the pension returns made to the Scottish Government. The charges are set at twice the average pensionable pay of the officer retiring on grounds of ill health.

3 Employer Cost Cap

3.1 The Public Service Pensions Act 2013 requires schemes to set an employer cost cap to manage future scheme costs. The 2012 valuation has set the cap for the police scheme as 12.3% of pensionable pay.

3.2 Movements in the costs of the scheme will be measured against future changes in the cap when the next valuation is undertaken. The next valuation will be based on data as at 31 March 2016 and it is expected that results from that valuation will start to emerge during 2017. If there is a movement of more than + or – 2% then discussions will take place to return the cap to its original level.

4 Action required

4.1. The revised employer contribution rate of 23.1% should be applied from 1 April 2015.



4.2 To note that the employer cost cap has been set at 12.3%

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SPPA
30 March 2015

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