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Police consultees

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28 January 2014

Dear Colleague

Police Pension Scheme (Scotland) (PPS) and New Police Pension Scheme (Scotland) (NPPS) - Consultation on draft regulations for proposed employee contribution increases

Attached is a copy of a Scottish Government consultation on regulations to introduce proposed increases to employee contribution rates for the Police Pension Scheme (Scotland) (PPS) and the New Police Pension Scheme (Scotland) (NPPS) from April 2014, on which you are invited to comment.

On 5 November, the Cabinet Secretary for Finance, Employment and Sustainable Growth, John Swinney MSP, informed the Scottish Parliament of the Scottish Government's decision to implement the third annual increment of employee contribution increases for the Teachers', NHS, Police and Firefighters' schemes in Scotland. Responding to a Parliamentary Question on this matter, the Cabinet Secretary reaffirmed the Scottish Government's commitment to public service pensions that are affordable, sustainable, and fair and its continuing opposition to the UK Government's policy of increasing employee contributions in this way and at this time.

A full copy of the Cabinet Secretary's response can be viewed on the Scottish Parliament's website via the following link:

<http://www.scottish.parliament.uk/parliamentarybusiness/28877.aspx?SearchType=Advanced&ReferenceNumbers=S4W-18081>

Consistent with previous policy, the proposals mirror the rates proposed for the Police Pension Scheme in England and Wales and represent the Scottish Government's considered view of the most appropriate rates to apply in the circumstances.

The consultation will remain open until 14 February 2014. If you wish to respond online, please do so via the following link:

http://www.sppa.gov.uk/index.php?option=com_wrapper&view=wrapper&Itemid=1497



Alternatively you can complete the Consultation Response Form attached to this letter and either submit it electronically to policepensionsreform@scotland.gsi.gov.uk or send it to the following address, ensuring that it arrives no later than 14 February 2014.

The Police (Scotland) Employee Contributions Consultation
Policy Branch
SPPA
7 Tweedside Park
Tweedbank
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A copy of the consultation documentation is also available on the Agency's website at:

http://www.sppa.gov.uk/index.php?option=com_content&view=article&id=715&Itemid=257

Yours faithfully



Chad Dawtry
Director of Policy



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Police Pension Scheme (Scotland) (PPS) and New Police Pension Scheme (Scotland) (NPPS)

CONSULTATION ON DRAFT REGULATIONS FOR PROPOSED INCREASES TO EMPLOYEE CONTRIBUTION RATES EFFECTIVE FROM APRIL 2014

1. Purpose

1.1 This consultation sets out the Scottish Government's proposals for the third annual increase in employee contributions to the Police Pension Schemes, which are due to apply from April 2014.

1.2 The Scottish Government invites views on the proposed employee contribution rates and on the draft regulations (attached) intended to bring these increases into effect. The Scottish Government has set out, at section 6, specific questions on which it would welcome responses, though consultees may respond on any aspect of the proposals.

This consultation is solely concerned with further increases in employee contribution rates proposed to apply to the Police Pension Schemes in Scotland with effect from 1 April 2014. A new pension scheme will be introduced in April 2015 and further consideration will need to be given to both the employer and employee contribution rates which should apply from then. Stakeholders will have an opportunity to input into that discussion.

2. Consultation timetable

2.1 This consultation runs from 28 January 2014 to 14 February 2014.

3. The Scottish Government's position on employee contribution rate increases

The Scottish Government has set out its position on employee contribution increases on a number of occasions, most recently during the Cabinet Secretary for Finance, Employment and Sustainable Growth's response to a Parliamentary Question on 5 November 2013. A full copy of the Cabinet Secretary's response can be viewed via the following link:

<http://www.scottish.parliament.uk/parliamentarybusiness/28877.aspx?SearchType=Advance&ReferenceNumbers=S4W-18081>



4. Principles

4.1 The Scottish Government takes its commitment to affordability, sustainability and fairness in public sector pension deals seriously. In proposing the increases outlined in this consultation it has reflected its commitment to protect the lowest paid and minimise the risk of opt outs from the Police Pension Schemes. As with previous years increases are being spread progressively in order to ensure that those earning higher salaries pay proportionately more for their pensions.

4.2 The limited data on opt-outs available for the Police Pension Schemes to-date shows no significant increases in opt outs since the introduction of the first round of employee contribution increases. We understand that a similar picture has emerged from the scheme in England and Wales. However, the Scottish Government will continue to monitor and consider the impact of increases in employee contributions on opt outs from the scheme

5. Proposed increase in contributions 2014-15

The Scottish Government proposals again mirror the rates proposed for the scheme in England and Wales that the employee contribution rates from 1 April 2014, should deliver a 0.64 percentage point increase, on average, across the two police pension schemes during 2014-15. This will lead to a cumulative 3.2 percentage point increase from 2012-13 to 2014-15

5.2 The following tables set out the proposed employee contribution tariffs to apply to the police pension schemes from 1 April 2014.

Police Pension Scheme (Scotland) (1987)

Wholetime Pensionable pay band	Current rate (%)	Proposed increase from 2014-15 (%)	Cumulative increase from April 2012	New contribution rate from April 2014
£27,000 and under	12.2%	0.3%	1.5%	12.5%
£27,001- £60,000	13.5%	0.75%	3.25%	14.25%
Over £60,000	14%	1.05%	4.05%	15.05%



New Police Pension Scheme (Scotland) (2006)

Pensionable pay Band	Current rate %	Proposed increase from 2013-14 (%)	Cumulative increase from April 2012	Revised rate (%)
£27,000 and under	10.7%	0.3%	1.5%	11%
£27,001- £60,000	11.5%	0.55%	2.55%	12.05%
Over £60,000	12%	0.75%	3.25%	12.75%

5.3 As illustrated in the above examples Police pension scheme member's contributions are deducted from gross pay before income tax is deducted. As a result, their contributions normally benefit from tax relief at that member's marginal tax rate.

5.4 Individuals can use a pensions calculator available on the SPPA website to estimate what if any increase in contributions they will face from 1 April 2014.

http://www.sppa.gov.uk/Documents/Police/Police%20Useful%20Resources/Consultations/2014/PPS_calculator_year%203.xls

http://www.sppa.gov.uk/Documents/Police/Police%20Useful%20Resources/Consultations/2014/NPPS_calculator_year%203.xls

6. Views sought on the proposals

6.1 This consultation sets out the proposals for scheme regulations for increasing employee contributions from 1 April 2014. The Scottish Government would welcome views on the following questions:

Question 1: Do the proposed tiered contributions meet the Scottish Government's objectives of protecting the low paid and minimising opt outs from the scheme?

Question 2: Are there alternative rates which you think should be used that will deliver the necessary increased contribution yield for 2014/15? If so, it would be very helpful if you would set out the rationale for your proposed rates and comment on the impact on those who would pay a higher rate.



Question 3: Are there any consequences of the proposed contribution tiers that you consider have not been addressed?

The closing date for receipt of comments is 14 February 2014.

To simplify the process you can respond to this consultation online via the following link

http://www.sppa.gov.uk/index.php?option=com_wrapper&view=wrapper&Itemid=1497

Alternatively responses may be made by completing the Consultation Response form attached to this letter which can either be submitted electronically to policepensionsreform@scotland.gsi.gov.uk or via mail to the following address no later than 14 February 2014:

The Police (Scotland) Employee Contributions Consultation
Policy Branch
SPPA
7 Tweedside Park
Tweedbank
Galashiels
TD1 3TE

7. Next steps after the consultation ends

7.1 A summary of the responses to this consultation will be made available on the SPPA website.

7.2 An Equality Impact Assessment evaluating the approach proposed for the Police schemes in respect of the proposed increase in contributions will be published in due course.

8. Confidentiality of Information

8.1 We need to know how you wish your response to be handled and, in particular, whether you are happy for your response to be made public. It would be helpful if you would complete and return the Consultation Response Form which forms part of the consultation questionnaire as this will ensure that we treat your response appropriately. If you ask for your response not to be published we will regard it as confidential, and we will treat it accordingly.

8.2 All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would



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therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.



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ANNEX A:CONSULTATION RESPONSE FORM - POLICE PENSION SCHEMES (SCOTLAND). CONSULTATION ON DRAFT REGULATIONS FOR PROPOSED EMPLOYEE CONTRIBUTION INCREASES EFFECTIVE FROM 1 APRIL 2014 (please complete and return to the address at the end of the form to ensure that we handle your response appropriately).

1. Name/Organisation

Organisation Name

Title

Surname

Forename

2. Postal Address

Postcode

Phone

Email

3. Permissions - I am responding as... (please complete either sections (a), (b) and (d) or sections (c) and (d):

Individual or **Group/Organisation**

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please state yes or no: _____

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

Please state yes to one of the following:

Yes, make my response, name and address all available

or

Yes, make my response available, but not my name and address

or

Yes, make my response and name available, but not my address

(c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

Please state yes or no:

(d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Please state yes or no:



ABOUT YOU

I am responding ...

- as a member of the 1987 scheme (old scheme)
- as a member of the 2006 scheme (new scheme)
- on behalf of an Employer Organisation
- on behalf of a Trade Union/Staff Association
- other (please specify)

What is your gender?

- I am female
- I am male

I am employed as...

- Police constable
- Sergeant
- Inspector
- Chief Inspector
- Superintendent
- Chief Superintendent
- Assistant chief constable
- Deputy chief constable
- Chief constable
- I'm retired
- other (please specify)

What is your working pattern?

- I work part-time
- I work full-time
- Not applicable



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CONSULTATION QUESTIONS

Question 1: Do the proposed tiered contributions meet the Scottish Government's objectives of protecting the low paid and minimising opt outs from the scheme?

Yes

No

Comments:



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Question 2: Are there alternative rates which you think should be used that will deliver the necessary increased contribution yield for 2014/15? If so, it would be very helpful if you would set out the rationale for your proposed rates and comment on the impact on those who would pay a higher rate.

Yes

No

Comments:



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Question 3: Are there any consequences of the proposed contribution tiers that you consider have not been addressed?

Yes

No

Comments:



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Other comments: please use this space to provide any further comments.

Yes

No

Comments:

Please e-mail your response to policepensionsreform@scotland.gsi.gov.uk

or

Please post your response to:

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SPPA
7 Tweedside Park
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The closing date for this consultation is 14 February 2014.



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