

POLICE PENSION SCHEMES 2019/02

WHO SHOULD READ: The Chief Constable of Police Scotland
Pension Administrators
Scheme members
Member and employer representatives

ACTION: For information and implementation

SUBJECT: The Police Pensions (Miscellaneous Amendments)
(Scotland) Regulations 2019

The purpose of this circular is to:

- Provide notice that the Police Pensions (Miscellaneous Amendments) (Scotland) Regulations 2019 come into force on 1 April 2019
- Confirm the employer contribution rate payable from 1 April 2019
- Note the responses to the consultation on the draft regulations

1. This circular advises that miscellaneous changes are being introduced to:
 - Police Pensions Regulations 1987 (“the 1987 scheme”)
 - Police Pensions (Additional Voluntary Contributions) Regulations 1991 (“the AVC Regulations”)
 - Police Pensions Regulations (Scotland) 2007 (“the 2006 scheme”)
 - Police (Injury Benefit) (Scotland) Regulations 2007 (“the Injury Benefit Scheme”)
 - Police Pension Scheme (Scotland) Regulations 2015 (“the 2015 Scheme”)

Consultation

2. To comply with the requirements of the Police Pensions Act 1976 and the Public Service Pensions Act 2013, Draft regulations were circulated for consultation between 18 December and 28 January 2019, with the consultation documentation and summary of responses available on the [SPPA website](#).

Changes following consultation

3. Since the consultation closed, changes have been made to the draft SSI due to subsequent decision made by UK Government. The consultation draft contained amendments to bring into effect the approach proposed by the Scottish Police Pension Scheme Advisory Board to rectify the employer cost cap breach in the 2016 valuation. Following the changes to the HM Treasury Directions in February 2019, the cost cap part of



that scheme valuation has been put on hold, subject to the outcome of litigation concerning the age-based transitional protections provided to members during scheme reforms in 2015. Details of this deferment, in response to the [Court of Appeal judgment](#) on 20 December 2018 in the *McCloud* and *Sargeant* cases, were set out in a [written statement](#) issued by the Chief Secretary to the Treasury on 30 January 2019. This means the proposed changes to member benefits in the 2015 scheme have not been introduced by the instrument.

4. However, the overall increase to employer contributions determined by the scheme valuation is being implemented by amendments made in this instrument. The increase in employer contributions is due principally to a change in the Superannuation Contributions Adjusted for Past Experience (“SCAPE”) discount rate used in unfunded public service pension scheme valuations. The UK Government confirmed in Budget 2018 a reduction to the SCAPE rate of CPI + 2.8% to CPI +2.4% for use by the scheme actuary in the 2016 valuations (“CPI” means consumer prices index). The valuation assesses what level of contribution income the scheme needs now in order to meet future liabilities. As the SCAPE rate has been reduced, a higher the level of funding is needed now to meet those future liabilities, resulting in an increase to employer contributions.

5. This approach to employer contributions has been taken across the public sector pension schemes covered by the Public Service Pensions Act 2013. An update on the cost cap process and any other implications for the scheme will be issued when the legal process in relation to the Court of Appeal judgment on transitional protections is clearer.

6. A summary of the main changes follow.

Contribution rates

7. The regular employer contribution rate will increase from 1 April 2019 to 29.4%. The requirement for the employer to pay an additional 0.8% of pensionable pay in respect of ill-health retirements (in the form of a payment of two times a retiring member’s pensionable pay) remains unchanged. This overall rate of 30.2% is the same across the three police pension schemes.

8. Member contribution rates remain unchanged.

Annual Allowance – Voluntary scheme pays

9. As set out in draft, the amendments include provision for the scheme manager to pay an Annual Allowance charge on behalf of the member that does not exceed the mandatory level– “voluntary scheme pays” - and then similarly apply a debit to the member’s pension when it is put into payment. The timescales for this provision are shorter than for mandatory scheme pays and require that the member gives the scheme manager sufficient notice.

10. Following consultation, provision has been introduced making access to Voluntary Scheme Pays conditional on the member’s Annual Allowance charge being in excess of £1,000, in line with the policy introduced by the Home Office for officers in England and

Wales. These provisions have been introduced to the 1987, 2006 and 2015 schemes.

Reckonable Service – unpaid leave

11. The regulations update the provisions for reckonable pay and service in the 1987 and 2006 schemes so that contributions can be made in respect of periods of unpaid family leave provided by the Police Service of Scotland Regulations 2013. In addition, opportunity is provided for officer who have taken unpaid family leave after 1 September 2014 to make contributions to cover the period.

Injury benefits

12. The instrument introduced changes to the Injury Benefit Scheme, backdated to 1 April, to effect changes outlined in SPPA Circular 7/2015. These allow the injury provision and the 2015 scheme to interact in a similar way to the 1987 and 2006 schemes.

Assignment of pension benefit

13. New regulation 217A is inserted in the 2015 Scheme to ensure that no assignment or charge can be placed on any pension benefit payable under the scheme.

Minor amendments

14. The instrument includes other minor changes to reflect changes in primary and secondary legislation, and to add clarity and make minor corrections to the AVC regulations as they have effect in Scotland.

15. The regulations were laid before the Scottish Parliament on 25 February 2019 and come into force on 1 April 2019. They can be viewed at:
<http://www.legislation.gov.uk/ssi/2019/68/contents/made>.

Mhairi Kinnaird
SPPA Policy
7 March 2019

Contact information

Please contact Mhairi.Kinnaird@gov.scot or Iain.Coltman@gov.scot if you have any enquiries about this circular.

Scottish Public Pensions Agency
7 Tweedside Park
Tweedbank
GALASHIELS
TD1 3TE

www.sppa.gov.uk
Telephone: 01896 893000



INVESTOR IN PEOPLE

An agency of



The Scottish Government
Riaghaltas na h-Alba