



Scottish Public
Pensions Agency
Buidheann Peinneanan
Poblach na h-Alba

**The Police Pensions (Commutation)
Amendment (Scotland) Regulations
2022**

**Scottish Government consultation
2021**

About This Consultation

Overview

This consultation is seeking views on the draft regulations to amend the Police Pension Regulations 1987. The amendments are related to commutation provisions.

Duration of Consultation

This consultation will run for a period of six weeks commencing on Friday 24 December 2021 and ending on Tuesday 1 February 2022

How to respond

Please use the consultation response form and once completed send to sppapolicy@gov.scot before midnight on the closing date.

Alternatively, responses can be posted to:

Scottish Police Pension Scheme Consultation
SPPA
Tweedside Park
Tweedbank
Galashiels
TD1 3TE

Further information

If you are unable to access an electronic version of the document, please write to the above address and a paper copy will be provided.

Data Protection Statement

The Scottish Public Pensions Agency (SPPA) is an executive Agency of the Scottish Government and forms part of the legal entity of the Scottish Ministers (Framework Document).

This framework of statutory powers and responsibilities, as agreed with the Scottish Ministers, enables SPPA to undertake the role of data controller for the processing of personal data which is provided as part of your response to the consultation. Any response you send us will be seen in full by SPPA staff dealing with the issues which this consultation is about or planning future consultations.

The process allows informed decisions to be made about how SPPA exercises its public function.

Where SPPA undertakes further analysis of consultation responses then this work may be commissioned to be carried out by an accredited third party (e.g. a research organisation or a consultancy company). Any such work will only be undertaken under contract. SPPA use Scottish Government standard terms and conditions for such contracts which set out strict requirements for the processing and safekeeping of personal data.

In order to show that the consultation was carried out properly, the SPPA intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response.

If you do not want your name or address published, please tell us this in writing when you send your response. We will then redact them before publishing.

You should also be aware of our responsibilities under Freedom of Information legislation.

If your details are published as part of the consultation response then these published reports will be retained indefinitely. Any of your data held otherwise by SPPA will be kept for no more than three years.

Under the data protection legislation, you have the right:

- to be informed of the personal data held about you and to access it
- to require us to rectify inaccuracies in that data
- to (in certain circumstances) object to or restrict processing
- for (in certain circumstances) your data to be 'erased'
- to (in certain circumstances) data portability
- to lodge a complaint with the Information Commissioner's Office (ICO) who is the independent regulator for data protection.

For further details about the information the SPPA holds and its use, or if you want to exercise your rights under the GDPR, please refer to our Privacy Policy in the first instance or contact:

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

Tel: 01896 892 469



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Website: <https://pensions.gov.scot/>

The contact details for the Information

Commissioner's Office are:

Wycliffe House

Water Lane

Wilmslow

Cheshire

SK9 5AF

Tel: 01625 545 745 or
0303 123 1113

Website: <https://ico.org.uk>





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1. Background

1.1 Under the Police Pensions Act 1976 and the Public Service Pensions Act 2013, Scottish Ministers are required to consult with the Police Negotiating Board (Scotland) and representatives of such persons as appear to the Scottish Ministers likely to be affected by the changes being proposed by these amendment regulations.

1.2 The Scottish Police Scheme Advisory Board, which comprises member and employer representatives has provided advice to Scottish Ministers on the treatment of commutation in the 1987 Scheme, and Scottish Ministers are now consulting on proposals that impact on the existing provisions in the scheme regulations.

Commutation Cap

1.3 Currently under regulation B7, members who have reached their voluntary retirement age) or have accrued at least 30 years' service may commute up to one quarter of their pension for a lump sum. In all other circumstances, the amount that a member may commute is limited under rule B7 (4)(b) and may not exceed 2.25 times the amount of pension.

1.4 A member may retire if they are aged 50 or over and have 25 or more years' service. However, as the commutation limit is likely to apply in these circumstances, should they commute the pension the lump sum is restricted.

1.5 The proposed amendments remove the limit on the amount of pension that may be commuted for a lump sum to be increased up to a quarter of the pension.

1.6 As the proposal will remove a possible disincentive for members to choose to retire before achieving maximum service, it is expected that this change will have some implications for workforce planning.

1.7 Scottish Ministers recognise that the timing of the introduction of the change, which coincides with [scheme reform required to implement the 2015 Remedy](#) may have implications for the police service, in particular around retirement patterns.

1.8 As a result, Scottish Ministers are explicitly seeking views on an appropriate implementation date for removal of the commutation cap.

Commutation Underpin

1.9 The Government Actuary's Department (GAD) provide the actuarially-neutral factors which are used in the calculation of lump sums. Up until 2012, factors for lump

sums in the Scottish Police Pension Scheme were calculated using data solely from England and Wales, due to a lack of specific data from Scotland being available. However, more detailed and robust data on Scotland was available from 2012.

1.10 Due to increased mortality rates in Scotland amongst normal aged pensioners, Scottish factors were lower, which would consequently lead to lower lump sums. Considering the impact of pension reform and the principle of protection, Scottish Ministers decided to implement an underpin ensuring that the higher of either the England and Wales or Scottish factors are applied to the lump sum at retirement.

1.11 This underpin is currently due to end on 31 March 2022, the proposed amendments would remove the end date and allow the underpin to continue indefinitely.

2. The Draft Amendments

2.1 Regulation 1 establishes the title of the Regulations and commencement date is set at 1st April 2022.

2.2 Regulation 2 sub-paragraphs (a) and (b) removes provision of the cap on commutation for members who retire with an ordinary pension with less than 30 years' pensionable service or having attained their voluntary retirement age.

2.3 Regulation 2 sub-paragraph (c) removes 1st April 2022 as the end date for the underpin to the actuarial factors prepared by the Scheme Actuary in England and Wales.

3. Consultation Questions

3.1 Question 1 – Do you have any comments or concerns around the proposed implementation date of 1st April 2022 for the removal of the cap on commutation?