



Scottish Public
Pensions Agency

Buidheann Peinnseanan
Poblach na h-Alba

**Police Pension Scheme (Scotland)
2015 Regulations: Employer
contribution rate changes and
Inclusion of on-call Allowances as
Pensionable Pay amendments**

**Scottish Government
Consultation 2024**

About This Consultation

The Police Pension Scheme (Scotland) continues to be an integral part of the remuneration package, and offers significant value in retirement to people who have chosen to dedicate part, or all, of their careers to service in the Police in Scotland. As a defined benefit pension scheme it offers the security of a guaranteed income in every year of retirement for all its members.

The Scottish Public Pensions Agency (SPPA) continuously monitors the rules of the pension scheme to ensure it continues to help the Police in Scotland attract and retain Police Officers. The changes proposed in this consultation document are split into two sections:

1) Changes to the employer contribution rate from 1 April 2024

This section outlines the changes to the employer contribution rate effective from 1 April 2024 as a result of the latest scheme valuation. The scheme valuation was carried out by the Government Actuary's Department (GAD) on behalf of the Scottish Government based on scheme data held as at March 2020.

The latest scheme valuation, the 2020 valuation, has been subject to consultation with the Police Pension Scheme (Scotland) Advisory Board ('the SAB'). The SAB is made up of representatives of employers and members (Police Federations) and provides advice to the Scottish Ministers on the desirability of changes to the design of the scheme and the implication of other policy issues.

2) Inclusion of on-call Allowances as Pensionable Pay

This section is to include on-call allowances as pensionable pay from 1 January 2023 as agreed by the Police Negotiating Board Scotland.



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Duration of Consultation

This technical consultation will run for a period of two weeks commencing on Monday 29 January 2024 and ending on 12 February 2024.

How to respond

Please use the consultation response form which can be downloaded from the SPPA website and, once completed, send to sppapolicy@gov.scot before midnight on the closing date.

Alternatively, responses can be posted to:

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

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>.

1. New employer contribution rate following scheme valuation

Background

1.1. The Public Service Pensions Act 2013 introduced the legal framework for regular actuarial valuations of the public service pension schemes in order to effectively measure the costs of the benefits being provided. Valuations of public service pension schemes, including the Scottish Police Pension Scheme must be undertaken every four years. Each round of valuation follows updated HM Treasury directions provided for in regulations and are carried out by the Government Actuary's Department (GAD) on behalf of the Scottish Government, based on scheme data held as at March of the relevant year. These valuations determine the contribution rate to be paid into the scheme by employers.

1.2. The latest scheme valuation, the 2020 valuation, has been subject to consultation with the SAB as part of their statutory role to provide advice to Scottish Ministers on the desirability of changes to the scheme.

1.3. The 2020 valuation sets the new employer contribution rate for the period 1 April 2024 to 31 March 2027.

Changes to the employer contribute rate from 1 April 2024

1.4. The Government Actuary has concluded the 2020 Valuation [Valuations | SPPA \(pensions.gov.scot\)](https://www.pensions.gov.scot/valuations). The report confirms that the new rate is 38.7% of pensionable pay, comprising a regular rate of 37.9%, with the employer paying 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). This is an increase of 8.5% from the current rate in force since 1 April 2019 as required by the 2016 valuation.

1.5. A scheme valuation assesses what each scheme needs now in order to meet future liabilities. The primary reason for employer contributions increasing is the UK Government's decision to reduce the SCAPE discount rate used in the valuation process. The SCAPE rate is set by HM Treasury and is the notional investment return on contribution income received. (SCAPE stands for superannuation contributions adjusted for past experience). The higher the discount rate, the quicker the notional assets grow, so the less is needed now. The lower the rate, the higher the level needed now to meet those future liabilities and that feeds through to employer costs. Hence, a reduction in the discount rate feeds through to higher employer contributions.

1.6. HM Treasury ministers announced in March 2023 [an intention to implement on 1 April 2024 the new employer rates for public service pension schemes](#) arising from the 2020 round of valuations.

1.7. Consequently, we propose amending the 2015 regulations to replace the current employer contribution rate with the new regular rate of 37.9%, effective from 1 April 2024.

Financial Considerations

1.8. The Scottish Police Pension Scheme is backed by the Scottish Government. In the [Chief Secretary to the Treasury's statement](#) announcing the change in the

discount rate, the UK Government committed to provide funding for increases in employer contribution rates resulting from the 2020 valuations as a consequence of changes to the SCAPE discount rate. For the Scottish Police Pension Scheme valuation the full 8.5% increase is a consequence of these SCAPE discount rate changes.

1.9. The funding commitment is for employers whose employment costs are centrally funded through departmental expenditure. HMT has confirmed that, for devolved administrations, the Barnett formula will apply. The Scottish Ministers will make decisions on funding allocations once Barnett consequential amounts are confirmed. The funding commitment is for employers whose employment costs are centrally funded through departmental expenditure.

Q1. If you have any further comments on the proposed increase to the employer contribution rate from 1 April 2024, please outline them.

2. Inclusion of on-call Allowances as Pensionable Pay

2.1. Under the Police Pension Scheme (Scotland) 2015 regulations (regulation 158), pensionable pay is defined as:

“The rate of pay to which the member is entitled in that pay period”

2.2. The agreement to include on-call allowances as pensionable pay was confirmed by Police Negotiating Board (Scotland) [Police Negotiating Board: Pay Agreement 2022/03 - gov.scot \(www.gov.scot\)](#) on 15 August 2022. These amendments reflect this agreement and clarify the definition of pensionable pay.

2.3 Many 2015 scheme members have pensionable service in an earlier final salary pension scheme, either the 1987 or 2006 scheme. These schemes were closed to all officers with effect from 31 March 2022. However, previous members of those schemes are covered by certain transitional arrangements, including the protection of a final salary link to their service in the legacy schemes. These changes to the definition of pensionable pay in the 2015 scheme mean that on-call allowances will now be included as part of the final pay used in the calculation of earlier scheme benefits.

Q2. Do the draft amendments deliver the intention to include on-call allowances as part of pensionable pay in Regulation 158? If you disagree or don't know please explain your answer.

3. Equality Impact Assessment

3.1. The Public Sector Equality Duty ('PSED') was created by the Equality Act 2010 and is supported by the specific duties contained in the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, as amended.

3.2. The PSED requires the Scottish Government to assess the impact of applying a proposed new, or revised, policy or practice. Scottish Ministers must have 'due regard' to the need to eliminate discrimination, advance equality of opportunity and foster good relations between people with different protected characteristics when carrying out their activities.

3.3. There are nine protected characteristics identified in the Equality Act 2010: (1) sex, (2) age, (3) disability, (4) race, (5) religion or belief, (6) gender reassignment, (7) pregnancy and maternity, (8) sexual orientation, (9) marital or civil partnership status.

3.4. The equality duty is an ongoing duty, and we will continue to consider and amend this assessment until the final regulation amendments are laid.

New employer contribution rate

3.5. The requirement to introduce a new employer contribution rate following the conclusion of the 2020 scheme valuation does not engage any protected characteristics.

Inclusion of on-call Allowances as Pensionable Pay

3.6. The proposed amendment to include on-call allowances as part of pensionable pay reflects the agreement reached by the Police Negotiating Board Scotland. The amendments bring the Police Pension Scheme (Scotland) 2015 Regulations in line with that agreement. The Scottish Government does not believe the proposed change to make on-call allowances part of pensionable pay engages any protected characteristics.