



Scottish Public
Pensions Agency
Buidheann Peinnseanan
Poblach na h-Alba

**Police Pension Scheme (Scotland)
2015 Regulations: Employee
contribution rate changes and
Removal of restrictions for ill health
retirement.**

**Scottish Government
Consultation 2025**

About This Consultation

Overview

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:

Changes to the employee contribution rate from 1 April 2025

This section outlines the changes to the employee contribution rate effective from 1 April 2025 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.

Removal of restrictions on access to ill-health retirement

This section is to remove restrictions which apply on access to ill-health retirement provisions, where a known condition is likely to lead to ill-health retirement before pension age.

Changes will be made prospectively from 1 April 2025, with retrospective changes to follow.

Duration of Consultation

This consultation will run from 26 November 2024 to 7 February 2025.

How to respond

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

Alternatively, responses can be posted to:

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.

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- 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 employee 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.

1.2. The latest scheme valuation, the 2020 valuation, measured the costs of benefits accruing over the implementation period from 1 April 2024 to 31 March 2027, and set employer contribution rates accordingly. The Scottish police employer contribution rates were increased by 8.5% on 1 April 2024. The 2020 Valuations (based on scheme data at 31 March 2020) for Police were finalised and published on 30 October 2023.

1.3. Employer rates are calculated based on an assumed yield of contributions from scheme members set out in the reformed scheme design framework of 2014/15. The yield was initially set at 13.7% of pensionable pay, and originally took into account contributions from the active membership and benefit accrual across the legacy final salary 1987 and 2006 schemes, and the reformed 2015 schemes.

1.4. The legacy schemes closed to active membership on 31 March 2022. As the 2015 scheme provides for a single flat contribution rate for all officers of 13.46%, the yield is set to under deliver the required rate of 13.7%, a shortfall of 0.24%

Changes to the employee contribute rate from 1 April 2025

1.5. The 2020 valuation confirmed that an increase in the employee contribution rate from its current rate of 13.46%, to the target of 13.7% is required over the implementation period 1 April 2024 to 31 March 2027.

1.6. The SPPA has worked closely with the SAB since October 2023 to review the member contribution structure. The SAB were presented options to set contributions using a tiered rate approach, with increasing rates linked to higher salaries. Considerations were given, recognising that a tiered approach could improve scheme participation amongst lower paid officers, but the SAB's preferred option was to maintain the flat rate approach. This decision was supported by both employer and employee representatives.

1.7. The SAB also agreed that the delivery of the expected yield is fundamental to the scheme's sustainability.

1.8. Consequently, we propose amending the 2015 regulations to replace the current employee contribution rate of 13.46% with the new rate of 13.7% effective from 1 April 2025.

Q1. Do you agree to the approach being taken to amend the employee contribution rate, through a flat rate increase of 0.24%, to achieve the required yield of pensionable pay?

2. Removal of restrictions on access to ill-health retirement

Background

2.1. Part 4 of the Police Pension Scheme (Scotland) Regulations 2015 sets out the rules governing eligibility for payment of ill-health benefits and, in particular, the schemes manager may exclude certain active members from ill health benefits if they have a pre-existing condition which means that the likely cost of providing the officer with those benefits is deemed “disproportionately high”. This function of the scheme manager has in practice been delegated to Police Scotland.

2.2. The legislation in the equivalent England and Wales Police Pension Regulations has been the subject of ongoing litigation. In February 2023, the Secretary of State for the Home Department conceded that the exclusion of officers from ill health benefits in the police pension scheme, contravened the non-discrimination rule in s.61 Equality Act 2010.

2.3. As a result, the SPPA issued new guidance to Police Scotland about managing the process of enrolling new members to the scheme in 2023. A final settlement has yet to be agreed in the English courts. As of 1 April 2024, the discrimination has been removed from equivalent Police Pension Regulations in Northern Ireland.

Changes to ill health regulations from 1 April 2025

2.4. The SPPA propose that from 1 April 2025, ill-health eligibility exclusions and reduced contribution rates are removed and not applied prospectively for new officers joining the scheme. Additionally, any officers currently deemed ineligible for ill-health benefits will be eligible from that date forward.

2.5. The removal of the ill health exclusion regulations relating to scheme membership will result in all scheme members paying the full pension contribution rate from 1 April 2025. Under the prospective stage, ill health retirement following the removal of ineligibility clause will only be based upon pensionable service from 1 April 2025 for the period they have paid full-member contributions

2.6. Consideration is being given for a potential retrospective change to address those currently deemed ineligible for ill-health benefits prior to 1 April 2025. This will be subject to continuing discussions at the SAB.

Q2. Do you agree with the proposed approach to remove the requirement for an eligibility relating to ill health retirement for new or returning police pension members to the 2015 police pension scheme in Scotland?

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.