

EXECUTIVE NOTE

THE POLICE PENSIONS (CONTRIBUTIONS) AMENDMENT (SCOTLAND) REGULATIONS 2012

SSI 2012/71

1. The above instrument is made in exercise of the powers conferred by sections 1 to 8 of the Police Pensions Act 1976 and of all the other powers enabling them in that behalf and after consultation with the Police Negotiating Board for the United Kingdom. The instrument is subject to the negative resolution procedure.

2. The instrument amends the Police Pension Regulations 1987 (S.I. no. 257); the Police Pension (Scotland) Regulations 2007 (SSI 2007 no. 201); and the Police Pensions (Purchase of Increased Benefits) Regulations 1987 (SI no. 2215)

Background

3. The Police Pension Scheme Regulations and the New Police Pension Scheme Regulations require members to pay contributions to the scheme as a condition of membership.

4. Although the Scottish Ministers have responsibility for the Police Pension Schemes in Scotland, wider policy for occupational pensions is reserved to the Westminster Parliament. The 2010 UK Spending Review set out the UK Government's intention to increase employee contribution rates in public service pension schemes by 3.2 percent of pay by April 2014. This was expected to be achieved in three annual increments in April 2012, April 2013 and April 2014. Following consideration of this policy and the available alternatives, Scottish Ministers determined to apply the first increment.

Policy Objectives

5. This instrument makes amendments to the Police Pension Scheme (PPS) and the New Police Pension Scheme (NPPS) regulations to reflect increases in member contribution rates to apply from 1 April 2012:

- Amendment 2 replaces Regulation G2 (Pension contribution payable by regular policeman) of the 1987 scheme and replaces the current contribution rate with new tiered contributions dependant on the officers' pay bands, including rates in cases where an officer is ineligible for a pension award on the grounds of permanent disablement.
- Amendment 3 replaces Regulation 7 (Pension contributions payable by regular police officers) of the 2007 scheme and replaces the current contribution rate with new tiered contributions dependant on the officers' pay bands, including rates in cases where an officer is ineligible for a pension award on the grounds of permanent disablement.
- Amendment 4 amends regulations 5 (payment of periodical contributions) (paragraph 5) of the Police Pensions (Purchase of Increased Benefits)

Regulations 1987. This clarifies the right of an officer to purchase increased benefits of no more than 4% above the new contribution rate that will be paid.

Sensitivity

6. The policy to increase contributions is strongly opposed by active scheme members. Trade Unions, staff associations, employer organisations such as COSLA. Scottish Ministers have also placed on the record their principled opposition to the increases being introduced at this time. On 5 September 2011, the UK Government confirmed its intention to apply financial sanctions to the Scottish settlement if the increases were not applied in Scotland. Having unsuccessfully sought to explore alternatives with representatives of lead stakeholder groups, Ministers concluded that they were required to apply the increases for 2012/13. In so doing, the Scottish Government has ensured that lower paid workers receive protection from the full effects of the increases. This is offset by requiring higher earners to meet a higher proportion of the increases. Consequently, employee contribution rates are to be spread over 3 pay related bands.

Consultation

7. The proposed increases have been the subject of formal policy consultation (7 October to 17 November 2011) and draft regulations (22 December 2011 to 3 February 2012, plus an additional two weeks from 8 February 2012 to 20 February 2012). That formal consultation was issued to representatives of police employers and employees, other Scottish Government interests and UK Government departments. In addition, the policy proposals were discussed at a Scottish stakeholder group set up specifically to discuss this particular issue.

8. Responses to the policy consultation highlighted both individual and Trade Union opposition to the rise in contributions. No workable alternative was suggested in responses.

Financial Implications

9. The increases, as designed, are expected to raise in the region of an additional £7 million a year from 1 April 2012

10. No Regulatory Impact Assessment has been prepared because no impact on the private or voluntary sector is foreseen.

Equality Impact Assessment

11. An Equality Impact Assessment has been prepared and will be made available on the SPPA website.

Scottish Public Pensions Agency
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