

POLICY NOTE

THE TEACHERS' SUPERANNUATION (SCOTLAND) AMENDMENT REGULATIONS 2014

SSI 2014/44

The above instrument was made in exercise of the powers conferred by section 9 of, and Schedule 3 to, the Superannuation Act 1972. Functions under that Act as regards Scotland have been executively devolved to the Scottish Ministers. The instrument is subject to negative procedure.

Policy Objectives

The Teachers' Superannuation (Scotland) Regulations 2005 (SSI 2005/393) require members of the Scottish Teachers' Superannuation Scheme (STSS) to pay contributions to the Scheme as a condition of membership. Although the Scottish Ministers have certain devolved responsibilities in relation to the STSS, wider policy for occupational pensions is reserved to the UK Government.

The 2010 UK Spending Review set out the UK Government's intention to increase members' contribution rates in public service pension schemes by an average of 3.2 per cent of pay by April 2014 with the increases spread across three years. The first increase was applied with effect from 1 April 2012 and also introduced "tiered" contribution rates which reflect that higher earners generally receive larger scheme benefits from final salary defined benefit schemes. The second increase was applied following further consideration of this policy and whether there were any viable alternatives. Scottish Ministers determined to apply the second round of increases with a single change to the tiering structure.

The Cabinet Secretary for Finance Employment and Sustainable Growth, John Swinney MSP, confirmed on 5 November 2013 that the third increase would be implemented from April 2014 and the above instrument makes provision for these increases.

Consultation

To comply with the requirements of section 9(5) of the Superannuation Act 1972 a formal policy consultation was undertaken from 18 December 2013 to 26 January 2014. Those consulted were all teachers' employers (including all 32 Scottish local authorities), Scottish Colleges and Higher Education establishments, Independent Schools, teachers' unions and relevant Scottish and UK Government Departments. Teachers' unions remain opposed in principle to any increases to members' contributions. 112 responses were received to the consultation and a summary of the consultation responses will be made available on the Scottish Public Pensions Agency's website www.sppa.gov.uk.

Impact Assessments

An equality impact statement has been prepared for this instrument and is due to be published shortly.

Financial Effects

The increases are designed to raise on average increases in employees' contributions of 3.2% by April 2014 as part of the UK Government's policy.

Business and Regulatory Impact Assessment

This policy introduces the final of three increases to employee scheme contributions. The limited available data indicates the number of opt outs from the Scheme has not been affected by this policy but the Scottish Government will continue to monitor levels going forward. No Business and Regulatory Impact Assessment is necessary as the instrument has no financial effects on the Scottish Government, local government or on business.

Scottish Public Pensions Agency
An Agency of the Scottish Government
February 2014