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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations make consequential provision in relation to public service pensions for firefighters in Scotland.

Under the Public Service Pensions Act 2013 (c.25), certain current members of public service pension schemes are to join new pension schemes (“new schemes”) as active members, whilst retaining certain benefits in their existing pension schemes (“old schemes”).

Part 2 of these Regulations modifies the effect of provisions relating to contracting-out of the additional state pension under the Pension Schemes Act 1993 (c.48) (“the 1993 Act”) for members joining or transferring to a new scheme during the period from 1st April 2015 to 5th April 2016 inclusive. Certain procedural requirements in the Occupational Pension Schemes (Contracting-out) Regulations 1996 (S.I. 1996/1172) are disapplied to an election to contract-out the new scheme.

Part 3 modifies the effect of other provisions of the 1993 Act, in their application to certain persons who join the new scheme while remaining non-accruing members of the old scheme. Those members are to be treated as if they are in ongoing pensionable service under one scheme, not two. Section 15A of the 1993 Act is modified in relation to pension debits. Part 4 of the 1993 Act concerns members of occupational pension schemes who leave before retirement age. The non-accruing members of the old scheme are to be treated as if their old scheme service does not terminate, nor their contracted-out employment cease, when they join the new scheme; only when they leave the new scheme. The modifications apply for the purposes of preserved benefit (Chapter 1 of Part 4); revaluing benefits (Chapter 2); protecting increases in guaranteed minimum pensions (Chapter 3); and cash equivalent values (Chapter 4 5). Specified provisions in the Occupational Pension Schemes (Transfer Values) Regulations 1996 (S.I. 1996/1847), which were made under Chapter 4 of Part 4 of the 1993 Act, are also modified.

Part 4 modifies the effect of the pensions tax regime contained in the Finance Act 2004 (c.12) upon the ill-health pension provision in the new scheme. It provides that any element of an ill-health pension relating to pensionable service for the old scheme will not fall to be calculated against the member’s annual tax allowance, and that any pension in the old scheme that subsequently falls to be paid to a member who has taken ill-health retirement will not fall to be calculated against the member’s lifetime tax allowance.

Part 5 resolves a tension between the short service benefit provisions contained in the 1993 Act and the requirement of section 10 of the 2013 Act that a deferred member of the new scheme has a different pension age (set at state pension age) than an active member (set at 60).

An impact assessment has not been produced for this instrument as no impact on the costs of business or the voluntary sector is foreseen.