

## **POLICY NOTE**

### **THE LOCAL GOVERNMENT PENSION SCHEME (ADMINISTRATION) (SCOTLAND) AMENDMENT REGULATIONS 2012**

#### **SSI 2012/236**

1. These Regulations concern the Amendment of the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008.

#### **2. Purpose of the instrument**

2.1 The Local Government Pension Scheme (LGPS) is the eligible pension fund for Police and Fire Support Staff. The changes introduced by these regulations support Scottish Government Policy in the set up of the New Police and Fire Authorities by protecting the pension rights of staff who will remain in the Local Government Pension Scheme (LGPS).

The amendments cover the transfers of the following staff to the Scottish Police Authority by the Police and Fire Reform (Scotland) Act 2012 –

Employees / former employees of the Strathclyde Joint Police Board or constituent local authorities

Employees / former employees of the Scottish Police Services Authority

Employees / former employees of the Fife Police Authority or constituent local authorities

Employees / former employees of the Lothian and Borders Joint Police Board or constituent local authorities

Employees / former employees of the Dumfries and Galloway Police Authority or constituent local authorities

Employees / former employees of the Tayside Joint Police Board or constituent local authorities

Employees / former employees of the Central Scotland Joint Police Board or constituent local authorities

Employees / former employees of the Northern Joint Police Board or constituent local authorities

Employees / former employees of the Grampian Joint Police Board or constituent local authorities

Employees / former employees of the Strathclyde Joint Fire and Rescue Board or constituent local authorities

Employees / former employees of the Scottish Fire and Rescue Service employed by Fife Council

Employees / former employees of Lothian and Borders Joint Fire and Rescue Board or constituent local authorities

Employees / former employees of Scottish Fire and Rescue Service employed at the Fire College at Gullane

Employees / former employees of the Scottish Fire and Rescue Service employed by Dumfries and Galloway Council

Employees / former employees of the Scottish Fire and Rescue Service employed by Tayside Joint Fire and Rescue Board or constituent local authorities

Employees / former employees of the Scottish Fire and Rescue Service employed by Central Joint Fire and Rescue Board or constituent local authorities

Employees / former employees of the Scottish Fire and Rescue Service employed by Highlands and Islands Joint Fire and Rescue Board or constituent local authorities

Employees / former employees of the Scottish Fire and Rescue Service employed by Grampian Joint Fire and Rescue Board or constituent local authorities

### **3. Legislative context**

3.1 On 1st April 2008, the new Local Government Pension Scheme in Scotland (“the 2008 Scheme”) was introduced and replaced the earlier arrangements constituted under the Local Government Pension Scheme (Scotland) Regulations 1998 (“the 1998 Scheme”)(S.I. 1998/1612). The 2008 Scheme is constituted by the Benefits Regulations, the Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (2008/238)(the “Transitional Regulations”) and the Administration Regulations. The Transitional Regulations revoke most but not all of the provisions of the 1997 Scheme and deal with continuity between the earlier arrangements and the 2008 Scheme. The Local Government Pension Scheme (“LGPS”) is administered through 11 separate funds in Scotland.

3.2 This amending instrument is made to support Scottish Government Policy in the set up of the New Police and Fire Authorities by protecting the pension rights of staff who will remain in the Local Government Pension Scheme (LGPS).

### **4. Territorial Extent and Application**

4.1 This instrument applies to Scotland.

## **5. Policy background**

5.1 The Local Government Pension Scheme (LGPS) is the pension scheme for which Police and Fire Support Staff are eligible to join. There are 11 LGPS funds in Scotland with 8 funds used for Police and Fire Support Staff these are; Aberdeen City, Dumfries & Galloway, Dundee City, Falkirk, Fife, and Highland Councils, Lothian Pension Fund and Strathclyde Pension Fund.

5.2 It had previously been assumed that the local LGPS fund closest to where the new organisations' HQ's are located would be nominated as the appropriate LGPS fund for new and existing staff at the start-up of the New Police and Fire Authorities, with the other funds becoming "closed funds" with a decreasing/aging membership. (Perth has been nominated as the interim HQ for the Scottish Fire and rescue Service with Tulliallan as the interim HQ location for the Police Service of Scotland.)

5.3 Although this was the correct approach in terms of pensions theology, COSLA and Pension Fund Managers objected strongly, in part because it is estimated that standard actuarial costs of 0.25-2% for the LGPS funds for Police and Fire Support Staff would be incurred, in part because of the disruption to the 8 x LGPS funds different investment plans and the impact of any crystallisation of liabilities. Any LGPS fund transfers now may result in the "cashing-in" of investments at a time when their stock market value is at a low point with the potential for further value adjustments between funds.

5.4 Scottish Government has agreed instead to maintain the status quo to give a longer period for transitional arrangements, with the aim of determining a way forward in consultation with key stakeholders, the SPPA and the Scottish Government for implementation by 1 April 2015. This has the advantage of ensuring continuity of pension benefits for Police and Fire Support Staff post 1 April 2013, and no detrimental/adverse effects to Fund finances. The position is fully defensible because we have only announced interim HQ locations for the new services, with final HQ locations not expected to be decided immediately. To deliver this solution, a draft SSI to amend LGPS (Scotland) Administration Regulations 2008 Schedule 2 and 4 has been consulted upon. The SSI is expected to be laid in Parliament early September 2012, and, subject to the will of Parliament, come into force October 2012.

5.5 The approach we have now adopted is fully supported by COSLA and LGPS Fund Managers – but because of sensitivities around the setting up of the New Police and Fire Authorities, it may still be flagged as a concern (although one we are confident is now resolved).

## **Consultation**

6. A 5 week technical consultation exercise on the draft Amendment Regulations commenced on 29 June 2012.

## **Financial Effects**

7. The instrument has no financial effects on the Scottish Government, local government or on business.

## **Regulatory Impact**

8. A Regulatory Impact Assessment has not been prepared for this instrument as it has no adverse impact on business, charities or voluntary bodies.

## **Contact**

9. If you have any queries regarding this instrument, please contact Kimberly Linge at the Scottish Public Pensions Agency (Tel: 01896 893229 or email: [Kimberly.linge@scotland.gsi.gov.uk](mailto:Kimberly.linge@scotland.gsi.gov.uk)).

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