

POLICY NOTE

THE FIREMEN'S PENSION SCHEME (AMENDMENT No. 2) (SCOTLAND) ORDER 2015

SSI 2015/173

The above instrument was made in exercise of the powers conferred by section 26(1) to (5) of the Fire Service Act 1947 and section 12 and 16 of the Superannuation Act 1972. Functions under these Acts as regards Scotland have been executively devolved to the Scottish Ministers. The instrument is subject to negative procedure.

Policy Objectives

The purpose of this instrument is to clarify commutation factors for firefighters retiring under the Firemen's Pension Scheme Order 1992 ("the 1992 Order").

The 1992 Order provides for voluntary commuted lump sums that must be the actuarial equivalent of the pension being commuted. This is achieved by reference to actuarial factors. In concluding the most recent actuarial valuation of the Firefighters scheme (as at 31 March 2012) a review of these factors by the Government Actuary's Department resulted in lower factors for firefighters in Scotland compared to those available to their counterparts in England.

Scottish Ministers have considered the impact of recent public service pension reforms in the round and the principle of protections for those closest to retirement. They have decided that a form of protection should be provided in relation to changes in the value of commutation offered to affected officers. Therefore this Order amends the 1992 Order to ensure that commutation is offered at the higher of either the English or Scottish factors. This is applied to commuted lump sums from 21 May 2014 up to and including 31 March 2022. This instrument therefore has retrospective effect.

Consultation

A formal consultation was undertaken from 31 March 2015 to 15 April 2015. The consultation was issued to representatives of firefighters and employers and relevant Scottish and UK Government departments. A summary of consultation responses will be made available on the SPPA website.

Financial Effects

The full cost of the policy will not be known until after 31 March 2022. This is because the number of reviews of actuarial factors up to that date is unknown as is any resulting difference between Scottish and English rates.

Business and Regulatory Impact Assessment

This policy does not impose any additional costs or reduce existing costs for business, third or public sector organisations and on that basis no Business and Regulatory Impact Assessment is required for these Regulations.

Scottish Public Pensions Agency
An Agency of the Scottish Government
21 April 2015