

## **POLICY NOTE**

### **THE POLICE PENSIONS (AMENDMENT) (SCOTLAND) REGULATIONS 2015**

#### **SSI 2015/174**

The above instrument was made in exercise of the powers conferred by section 1 of the Police Pensions Act 1976. 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 purpose of this instrument is to clarify commutation factors for police officers retiring under the Police Pension Regulations 1987 (“the 1987 Regulations”).

Under the 1987 Regulations, the police pension scheme 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 police scheme (as at 31 March 2012) a review of these factors by the Government Actuary’s Department resulted in lower factors for police officers in Scotland compared to those available to their counterparts in England and Wales.

Scottish Ministers considered the impact of recent public service pension reforms in the round and the principle of protections for those pension scheme members closest to retirement. They have decided that a form of protection should be available in relation to changes in the value of commutation offered to affected officers. Therefore these Regulations amend the 1987 Regulations to ensure that commutation is offered at the higher of either the England and Wales or Scottish factors. This is applied to commuted lump sums from 22 May 2014 up to and including 31 March 2022. This instrument therefore has retrospective effect.

#### **Consultation**

To comply with the requirements of section 1(1) of the Police Pensions Act 1976, a formal consultation (which included the Police Negotiating Board) was undertaken from 31 March 2015 to 15 April 2015. The consultation was issued to representatives of police officers 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 in rates between Scotland and England.

#### **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  
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