

POLICE PENSION SCHEME

REPORT ON CONSULTATION ON PROPOSALS FOR POLICE PENSIONS (SCOTLAND) (AMENDMENT) REGULATIONS 2025

1. Purpose

1.1 The purpose of this paper is to provide a summary of the feedback received to the Scottish Government's consultation on proposals for amending the Police Pension Scheme (Scotland) 2015 Regulations. The draft statutory instrument sought to remove the ill-health eligibility restrictions set out in Chapter 4, Part 4 and amend regulation 160, to increase the employee pension contribution rate from 13.46% to 13.7%.

1.2 Changes will be effective from 01 April 2025.

2. Removal of Restrictions on Access to Ill-Health Retirement

2.1 Part 4 of the Police Pension Scheme (Scotland) Regulations 2015 sets out the rules governing eligibility for payment of ill-health benefits and, in particular, the schemes manager could exclude certain active members from ill health benefits if they have a pre-existing condition which means that the likely cost of providing the officer with those benefits is deemed "disproportionately high". This function of the scheme manager was delegated to Police Scotland.

2.2 The legislation in the equivalent England and Wales Police Pension Regulations was the subject of ongoing litigation. In February 2023, the Secretary of State for the Home Office conceded that the exclusion of officers from ill health benefits in the police pension scheme, contravened the non-discrimination rule in s.61 Equality Act 2010.

2.3 As a result, new guidance was issued to Police Scotland about managing the process of enrolling new members to the scheme in 2023.

2.4 This amendment removes chapter 4, part 4 of the 2015 regulations, which is the ill-health eligibility exclusions and the reduced contribution rates payable for those excluded members. The removal of the ill health exclusion regulations relating to scheme membership will be applied prospectively and will result in all scheme members paying the full pension contribution rate from 1 April 2025.

2.5 Under this prospective stage, ill health retirement following the removal of the ineligibility clause will only be based upon pensionable service from 1 April 2025 for the period they have paid full-member contributions.

2.6 Consideration is being given for a further retrospective SSI to potentially address those currently deemed ineligible for ill-health benefits prior to 1 April 2025.

Change to the Member Contribution Rate

2.7 A scheme valuation assesses what each pension scheme needs now in order to meet future liabilities. As a result of the latest police pension scheme valuation carried out by the Government Actuary's Department (GAD) on scheme data held as at 31 March 2020, a shortfall in the member contribution yield of 0.24% was identified.

2.8 The target yield is set in the scheme design framework at 13.7%, which is consistent with the equivalent scheme in England & Wales. The flat rate approach for the 2015 scheme was agreed by stakeholders in 2015 and was originally set to reflect the blend of membership across that scheme and the 1987 and 2006 schemes. The 1987 and 2006 schemes closed on 31 March 2022. The 2015 scheme flat rate no longer ensures the yield is met.

2.9 In consultation with the Police Pension Scheme (Scotland) Advisory Board (SAB), which comprises of representatives of employers and members (Police Federations) it was agreed that the delivery of the expected yield is fundamental to the scheme's sustainability

2.10 This amendment increases the employee contribution rate from its current rate of 13.46%, to the new rate of 13.7% effective from 1 April 2025.

3. Consultation

3.1 A consultation was undertaken from 26 November 2024 to 7 February 2025. The consultation was issued to representatives of police officers, employers and relevant Scottish and UK Government departments. There were 2 responses received to the consultation, one from the Scottish Police Authority and one from the Association of Scottish Police Superintendents.

3.2 This report summarises the 2 responses received to the consultation.

4. Consultation process

4.1 The Scottish Government's consultation document was issued by to stakeholders on 26 November 2024 and the documentation was also posted on the Scottish Public Pensions Agency's website.

5. Analysis of responses

5.1 The consultation invited comments on the two proposals for inclusion in the scheme draft regulations. The main comments are summarised in part 6.

Respondents can be broken down as follows:

Respondents	Permission to publish response given
Staff side representatives (1)	Not specified
Association of Scottish Police Superintendents	
Employer side (1)	
Scottish Police Authority	

6. Key Messages

6.1 Both the ASPS and SPA supported the proposal to remove the restrictions on eligibility to ill health benefits. The SPA also sought clarity on whether changes would also be required to Regulations 160(3) and 160(4), which will cease to have effect when these amendments come into force.

- The Scottish Government agrees that Regulation 160 (3) & (4) will also need to be amended to reflect the removal of Chapter 4 of Part 4 of the 2015 Regulations.

6.2 Whilst the ASPS would prefer not to have an increase in the member contribution rate, both SPA and ASPS recognised that the delivery of the yield is fundamental to the scheme's sustainability.

6.3 The Scottish Government thanks both the Scottish Police Authority and the Association of Scottish Police Superintendents for their responses.

7. Next Steps

7.1 The Scottish Government has considered the responses to the consultation exercise and intends to amend the above noted provisions, including the amendment to Regulation 160 as identified by the SPA, which will be effective from 01 April 2025.