

POLICY NOTE

THE LOCAL GOVERNMENT PENSION SCHEME (SCOTLAND) AMENDMENT REGULATIONS 2016

SSI 2016/32

1. Purpose of the instrument

1.1 This instrument amends the Local Government Pension Scheme (Scotland) 2014 Regulations (SSI 2014/164) which came into force on 1 April 2015.

1.2 The amendments include provisions on valuations and cost capping of employer contributions required by sections 11 and 12 of the Public Service Pensions Act 2013 (“The Act”).

2. Legislative context

2.1 The Independent Public Service Pensions Commission recommended a number of changes to public sector schemes in order to ensure long term sustainability as well as a more balanced distributions of costs between members, employers and the tax payer.

2.2 The Act requires under section 11 that defined benefits schemes made under section 1 be actuarially valued in accordance with Treasury directions. Under section 12 of the Act, regulations are required for the setting, measurement and operation of an employer cost cap. This employer cost cap will be used for measuring the costs of the scheme.

2.2 This instrument introduces changes including provisions on valuations, cost capping of employer contributions, and the requirement to have a scheme actuary, along with consequential amendments. The definition of “revaluation adjustment” has been amended to specify the percentage as being the change in prices, and amendments to ill health retirement regulations have been made.

3. Territorial Extent and Application

3.1 This instrument applies to Scotland.

4. Policy Objectives

4.1 The Regulations introduce amendments to the Local Government Pension Scheme (LGPS) in Scotland to ensure that they continue to provide valued benefits for scheme members, and are affordable, sustainable and fair to employers, scheme members and tax payers.

4.2 The objectives for the reform of the LGPS were to ensure the sustainability of the scheme by encouraging existing members to remain in the scheme and non-members to join.

Levels of contribution rates which will ensure protection of the lowest paid within the workforce and to continue to provide quality benefits to scheme members.

5. Consultation

5.1 A six week consultation with those stakeholders who administer the scheme was carried out but due to the highly technical nature of the amendments and because no change of policy was involved, a formal consultation was not thought necessary.

6. Impact Assessment

6.1 These Regulations have no new impact on business or the voluntary sector as they are amending Regulations to improve administration of the scheme and to implement other government policies.

7. Contact

7.1 If you have any queries regarding this instrument, please contact Annette Greenslade at the Scottish Public Pensions Agency;
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Scottish Public Pensions Agency
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