EXECUTIVE NOTE

THE LOCAL GOVERNMENT PENSION RESERVE FUND (SCOTLAND) AMENDMENT REGULATIONS 2010 (SSI 2010/34)

1. The above instrument is made in exercise of the powers conferred by section 93(2)(d) of the Local Government (Scotland) Act 1973 and section 93(4) of the Local Government Finance Act 1992 and by all other enabling powers. This instrument will amend Article 2(2) of the Local Government Pension Reserve Fund (Scotland) Regulations 2003. The instrument is subject to the negative resolution procedure.

Purpose

2. The Local Government Pension Reserve Fund (Scotland) Regulations 2003 include a list of pension schemes to which the regulations apply. Two new pension schemes, one police and one fire scheme, have been created by statute and need to be included in the list of pension schemes covered by the 2003 regulations.

Background

3. Section 93 of the Local Government (Scotland) Act 1973 requires all local authorities to have a General Fund and all sums received are required to be paid into that fund and all expenses paid from that fund. The 2003 regulations create an exception for pension surplus and deficits arising from certain pensions schemes by requiring each local authority to establish a separate pension reserve fund. This controls the amounts which may be charged to the General Fund for pension costs, and hence controls the pension costs to be met from taxation.

4. The Firefighters' Pension Scheme (Scotland) Order 2007 (SSI 2007/199) and the Police Pensions (Scotland) Regulations 2007 (SSI 2007/201) have created new pension schemes that are not covered by the 2003 regulations.

Consultation

5. Although there is no statutory requirement to consult on this amendment we have consulted with local authorities, Audit Scotland, the Convention of Scottish Local Authorities (COSLA) and the Chartered Institute of Public Finance and Accountancy (CIPFA).

Financial Implications

6. There are no financial implications for the Scottish Government. Not extending the regulation to the new pension schemes will have a financial impact for police and fire authorities as all pension costs would have to be met from the General Fund rather than being set aside in the Pension Reserve Fund. As an illustration it has been estimated that for Strathclyde Police pension costs would increase by £6.7 million per annum.

Local Government Division
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